



Regular Council Meeting Agenda

Tuesday, May 5, 2026, 1:00 p.m.
City of Penticton, Council Chambers
171 Main Street, Penticton, B.C.

To view the live broadcast and recordings, visit www.penticton.ca

	Pages
1. Call Regular Council Meeting to Order	
2. Introduction of Late Items	
3. Adoption of Agenda	
Staff Recommendation: THAT Council Adopt the Agenda for the Regular Council Meeting held on May 5, 2026 as presented.	
4. Recess to Committee of the Whole	
Staff Recommendation: THAT Council Recess to a Committee of the Whole meeting.	
4.1 <u>Call Committee of the Whole to Order</u>	
4.2 <u>Adoption of Agenda</u>	
Staff Recommendation: THAT Council adopt the agenda for the Committee of the Whole Meeting held on May 5, 2026 as presented.	
4.3 <u>Delegations</u>	
4.3.1 <u>Proclamation: "Maternal Mental Health Day" May 6, 2026</u> Isabeau Venables	5
4.3.2 <u>2026 Foundation Grants Program Review</u> Kevin Ronaghan, Community Investments Manager, and Aaron McRann, CEO - Community Foundation of the South Okanagan Similkameen (CFSOS)	7
4.3.3 <u>Penticton Community Track & Field Renewal Project</u> Todd Manuel, Superintendent, Nicole Bittante, Secretary Treasurer, and James Palanio, Board Chair - School District 67	8
4.4 <u>Adjourn to Regular Meeting of Council</u>	
Staff Recommendation: THAT Council adjourn the May 5, 2026 Committee of the Whole Meeting.	
5. Reconvene the Regular Council Meeting	
6. Adoption of Minutes	
6.1 <u>Minutes of the April 21, 2026 Regular Council Meeting</u>	10

Staff Recommendation:

THAT Council adopt the Regular Council Meeting Minutes of April 21, 2026 as presented.

7. Consent Agenda**Staff Recommendation:**

THAT Council approve the Consent Agenda:

1. Release of items from Closed Meeting:

- THAT the Emergency Bulk Water Servicing Agreement be made public, following execution by the Mayor and General Manager of Infrastructure, at the Council-to-Council meeting expected to be held April 22, 2026.

8. Staff Reports

- | | | |
|-----|---|-----|
| 8.1 | <u>2025 Audited Financial Statements</u>
Delegation: Audit Partner - BDO Canada LLP | 17 |
| | Staff Recommendation:
THAT Council accept the Audited Financial Statements, as co-presented by BDO Canada LLP, for the year ending December 31, 2025. | |
| 8.2 | <u>Track & Field Facility – Project Partnership</u> | 86 |
| | Staff Recommendation:
THAT Council direct staff to continue to collaborate with School District #67 on the track and field facility renewal project;

AND THAT Council direct staff to return with a report that outlines defined project scope, construction timing, funding sources and financial contribution options & implications for Council’s consideration. | |
| 8.3 | <u>2026 Water Outlook and Water Restriction Awareness</u> | 90 |
| | Staff Recommendation:
THAT Council receive into the record the report dated May 5, 2026 titled “2026 Water Outlook and Water Restriction Awareness”. | |
| 8.4 | <u>License to Use Agreement – Bishops Snow and Marine Ltd. (operating as Pier Water Sports)</u> | 100 |
| | Staff Recommendation:
THAT Council approve the five (5) year License to Use Agreement renewal with Bishops Snow and Marine Ltd. operating as Pier Water Sports, for the use of approximately 0.55 acres of Rotary Park foreshore and the associated building located at 185 Lakeshore Drive West, for the operation of water-based leisure activities;

AND THAT Council authorize the GM Corporate Services and Corporate Officer to execute the License to Use Agreement. | |
| 8.5 | <u>Park Land Protection & Use Policy Update</u> | 107 |
| | Staff Recommendation:
THAT Council rescind the 2018 Park Land Protection and Use Policy and approve Council Policy #2026-03 Park Land Protection & Use Policy. | |

8.6 Development Services Division Review Task Force 116

Staff Recommendation:

THAT Council approve the “Development Services Division Review Task Force – 2026 Terms of Reference”.

8.7 Development Variance Permit PL2026-10156 121

Re: Unit 101 and 102 - 602 Lakeshore Drive West

Staff Recommendation:

THAT Council, approve “Development Variance Permit PL2026-10156”, for

- Strata Lot 1 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Strata Plan EPS 11326 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V, located at 101-602 Lakeshore Drive W; and
- Strata Lot 2 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Strata Plan EPS11326 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V, located at 102-602 Lakeshore Drive W

A permit to vary the following section of Zoning Bylaw No. 2024-22:

1. Section 4.7.1 to permit hot tubs to be located in a required front yard.

9. **Bylaws and Permits**

9.1 Tax Rates Bylaw No. 2026-20 133

Staff Recommendation:

THAT Council adopt "Tax Rates Bylaw No. 2026-20".

10. **Notice of Motion**

11. **Business Arising**

12. **Public Question Period**

If you would like to ask Council a question with respect to items that are on the current agenda, please visit our website at www.penticton.ca to find the telephone number or Zoom link to ask your question before the conclusion of the meeting. Use the raise hand feature and you will be given the opportunity to turn on your camera and unmute your microphone and ask Council your questions. Please note that the meeting is streaming live and recorded, access to recordings can be found on the City's website.

13. **Council Round Table**

14. **Adjourn to a Closed Council Meeting**

Staff Recommendation:

THAT Council adjourn to a Closed Council Meeting pursuant to the provisions of

the *Community Charter* as follows: Section 90 (1)

(c) labour relations or other employee relations;

(g) litigation or potential litigation affecting the municipality;

(i) the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose;

(j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 of the Freedom of Information and Protection of Privacy Act.



Request to Appear as a Delegation

Preferred Council Meeting Date: May 5th 2026

Second choice(s):

Subject matter: Maternal Mental Health Day

Name of person(s) making presentation: Isabeau (Issy) Venables

Address:

Phone:

Email:

Please provide details of your presentation or request of Council here: (or provide a detailed attachment)

I will be giving a short verbal presentation on maternal mental health. My personal experience with perinatal mental health and navigating the mental health system in Penticton. I have strived to grow maternal mental health awareness in Penticton through hosting and supporting past community events like Flora's Walk for Perinatal Mental Health and Climb Out Of The Darkness. And in 2026 I continue to spread awareness by supporting upcoming community events like Baby Proof Your Relationship - Preparing Your Relationship for Pregnancy & Postpartum. Increasing awareness will drive social change with the goal of improving community access and supports for women and families experiencing all types of perinatal mood and anxiety disorders (PMADs), and reducing the stigma of maternal mental illness.

Please note:

- Meetings may be held electronically. Participation details will be confirmed with you prior to the meeting.
- This form and submissions will become part of the public record.
- The Mayor has the authority to determine if the subject matter warrants the delegation to appear before Council and may determine at which meeting.
- Please submit this completed form at your earliest convenience. Written Requests to Appear are to be received by the Corporate Officer, no later than noon Monday, one week prior to the Council meeting. Please include a copy of all materials that will be discussed.
- If you'd like to share a PowerPoint with Council, email it to the Corporate Officer by 9:30 a.m. Wednesday prior to the Council meeting to be included with the Agenda. If presenting via zoom, please be prepared to share your screen.
- **Delegations are limited to 5 minutes.**

Legislative Services

Angie Collison, Corporate Officer
171 Main Street, Penticton, B.C., V2A 5A9

Phone: 250-490-2410

Fax: 250-490-2402

angie.collison@penticton.ca



Proclamation

penticton.ca

“Maternal Mental Health Day” May 6, 2026

- WHEREAS: perinatal mental health is also known as maternal mental health, and mothers and pregnant persons can experience prenatal (during pregnancy) and postpartum (after pregnancy) mental illness, including depression, anxiety, panic disorder, obsessive-compulsive disorder, post-traumatic stress disorder, bipolar disorder and psychosis, and
- WHEREAS: perinatal mental illness is highly preventable and treatable, and if untreated can contribute to profound or even fatal consequences for mothers, pregnant persons and infants, and
- WHEREAS: ensuring that mothers and pregnant persons have access to mental health care will help them adapt to their changing life circumstances and care for themselves and their children,
- WHEREAS: Indigenous mothers and birthing parents experience significant inequities during the perinatal period, with mental health distress causing adverse outcomes for mothers, birthing parents and infants, and
- WHEREAS: World Maternal Mental Health Day is observed internationally on the first Wednesday of May each year, and
- WHEREAS: Maternal Mental Health Day in Penticton is an opportunity to raise awareness of the importance of maternal mental health and to show support for all who are affected by perinatal mental illness.

NOW, THEREFORE I, Mayor Julius Bloomfield, **DO HEREBY PROCLAIM** May 6, 2026 as Maternal Mental Health Day in the City of Penticton.

Mayor Julius Bloomfield




Request to Appear as a Delegation

Preferred Council Meeting Date: May 5, 2026

Second choice(s): May 19, 2026

Subject matter: 2026 Foundation Grants program review

Name of person(s) making presentation: Kevin Ronaghan, Community Investments Manager, Aaron McRann CEO, Community Foundation of the South Okanagan 

Address: 101-246 Martin Street
Penticton BC
V2A 5K2

Phone: 236-500-1243

Email: kevinronaghan@cfso.net 

Please provide details of your presentation or request of Council here: (or provide a detailed attachment)

As promised during a brief update regarding 2026 Foundation Grants that was made to Mayor and Council on March 17th, we would like to present a more in-depth review of this year's program. The presentation will focus on outcomes and learnings from administration of the City of Penticton's Municipal Grants funding.

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Request to Appear as a Delegation

Preferred Council Meeting Date: May 5, 2026

Second choice(s):

Subject matter: Penticton Community Track & Field Renewal Project

Name of person(s) making presentation: Todd Manuel - Superintendent SD67
Nicole Bittante - Secretary Treasurer SD67

Address: 425 Jermyn Ave
Penticton B.C. V2A 1Z4

Phone: 250-770-7700

Email: tmanuel@sd67.bc.ca

Please provide details of your presentation or request of Council here: (or provide a detailed attachment)

The track and field facility located at Penticton Secondary School is a long standing joint use community asset, owned by the School District and shared with the City of Penticton and larger community. It supports daily instructional programming, school athletics, and broad community use by local sport organizations, youth programs, and regional events. Its renewal is essential to sustaining safe, inclusive, and accessible recreation and sport opportunities for the entire community.

Constructed in 1994, the existing facility has reached the end of its service life and no longer meets current safety, accessibility, or performance standards. Predesign technical analysis has identified surface degradation, uneven grading, outdated subsurface materials, and drainage deficiencies that significantly limit safe school use, community access, and the ability to host sanctioned competitions.

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Details of Presentation or request of Council:

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Constructed in 1994, the existing facility has reached the end of its service life and no longer meets current safety, accessibility, or performance standards. Predesign technical analysis has identified surface degradation, uneven grading, outdated subsurface materials, and drainage deficiencies that significantly limit safe school use, community access, and the ability to host sanctioned competitions.

The City of Penticton was a significant funding contributor and partner with the school district and local service groups in the creation of the existing track and field. SD67 Okanagan Skaha would like to provide a brief overview of the history of the community track and field project, and request council's consideration to once again partner in fundraising efforts to renew the facility.



Regular Council Meeting Minutes

April 21, 2026, 1:00 p.m.
City of Penticton, Council Chambers
171 Main Street, Penticton, B.C.

Council Present: Mayor Bloomfield
Councillor Watt
Councillor Graham
Councillor Gilbert
Councillor Reynen
Councillor Stewart

Council Absent: Councillor Miller

Staff Present: Anthony Haddad, City Manager
Angie Collison, Corporate Officer
Angela Campbell, General Manager of Corporate Services
Kristen Dixon, General Manager of Infrastructure
Blake Laven, General Manager of Development Services
Kelsey Johnson, General Manager of Community Services
Julie Czeck, General Manager of Public Safety and Partnerships
Paula McKinnon, Deputy Corporate Officer
Cheryl Hardisty, Manager of Intergovernmental Relations

1. Call Regular Council Meeting to Order

The Mayor called the Regular Council Meeting to order at 1:00 p.m.

2. Introduction of Late Items

3. Adoption of Agenda

102/2026 It was MOVED and SECONDED

THAT Council adopt the Agenda for the Regular Council Meeting held on April 21, 2026 as presented.

CARRIED UNANIMOUSLY

4. Recess to Committee of the Whole

103/2026 It was MOVED and SECONDED

THAT Council Recess to a Committee of the Whole meeting.

CARRIED UNANIMOUSLY

4.1 Call Committee of the Whole to Order

The Mayor called the Committee of the Whole meeting to order at 1:01 p.m.

4.2 Adoption of Agenda

It was MOVED and SECONDED

THAT Council adopt the agenda for the Committee of the Whole Meeting held on April 21, 2026 as presented.

CARRIED UNANIMOUSLY

4.3 Delegations

4.3.1 South Okanagan Regional Growth Strategy - Major Amendment

Ben Kent, Planner II, Regional District of Okanagan-Similkameen, provided Council with a presentation outlining the South Okanagan Regional Growth (RGS) Review process.

4.3.2 Proclamation: "National Hospice Palliative Care Week" May 3-9, 2026

Wendy Nicol, Board Chair, Penticton & District Hospice Society, provided Council with an overview of the Penticton and District Hospice Society and how they continue to provide joy, care and support to their residents and their families. Ms. Nicol invited Council to celebrate May 3-9, 2026 as "National Hospice Palliative Care Week".

Mayor Bloomfield read the proclamation proclaiming May 3-9, 2026 as "National Hospice Palliative Care Week" in the City of Penticton.

4.3.3 Proclamation: "Emergency Preparedness Week" May 3-9, 2026

Amanda Newell, Emergency Program Manager, and Mike Larsson, Fire Chief, City of Penticton, provided Council with a presentation on emergency preparedness and invited Council and the public to attend Wildfire and Emergency Preparedness Day on April 29 from 11am to 2 pm in Gyro Park.

Mayor Bloomfield read the proclamation proclaiming May 3-9, 2026 as "Emergency Preparedness Week" in the City of Penticton.

4.3.4 Role of Crown and the Criminal Justice System

Jessica Patterson, Regional Crown Counsel, BC Prosecution Service, provided Council with a presentation about criminal justice in Canada and the role of Crown Counsel.

The Mayor recessed the meeting at 2:03 p.m. and reconvened at 2:10 p.m.

4.3.5 Ebus Service to Penticton

John Cowan provided Council with an update on his quest to connect the lower mainland with the southern interior via Ebus by extending service to Penticton.

4.4 Adjourn to Regular Meeting of Council

It was MOVED and SECONDED

THAT Council adjourn the April 21, 2026 Committee of the Whole Meeting.

CARRIED UNANIMOUSLY

5. Reconvene the Regular Council Meeting

Council Reconvened the Regular Council Meeting at 2:25 p.m.

6. Adoption of Minutes

6.1 Minutes of the April 7, 2026 Regular Council Meeting

104/2026 It was MOVED and SECONDED

THAT Council adopt the Regular Council Meeting Minutes of April 7, 2026 as presented.

CARRIED UNANIMOUSLY

7. Consent Agenda

105/2026 It was MOVED and SECONDED

THAT Council approve the Consent Agenda:

1. Release of Items from Closed Meeting:

- School District Agreements for Parkway and Carmi Elementary School Green Space
 - THAT Council approve the License Agreement with School District 67 for Parkway Elementary School green space and the License Agreement with School District 67 for Carmi Elementary School green space, to enable the public use of the facilities for recreation purposes;

AND THAT Council direct the General Manager of Infrastructure and Corporate Officer to execute the agreements.

CARRIED UNANIMOUSLY

8. Staff Reports

8.1 Tax Rates Bylaw No. 2026-20

106/2026 It was MOVED and SECONDED

THAT Council give first, second and third reading to "Tax Rates Bylaw No. 2026-20", a bylaw that establishes property taxation rates for the 2026 tax year.

CARRIED UNANIMOUSLY

8.2 QR Code Use in Parking Environments

107/2026 It was MOVED and SECONDED

THAT Council direct staff to work towards implementation of QR code enabled parking payments via the Passport Parking app.

Opposed (6): Mayor Bloomfield, Councillor Watt, Councillor Graham, Councillor Gilbert, Councillor Reynen, and Councillor Stewart

DEFEATED

108/2026 It was MOVED and SECONDED

THAT Council receive into the record the report dated April 21, 2026, titled "QR Code Use in Parking Environments";

AND THAT Council maintain existing parking payment practices.

CARRIED UNANIMOUSLY

9. Bylaws and Permits

10. Notice of Motion

10.1 Notice of Motion introduced by Councillor Stewart on April 7, 2026 for consideration:

109/2026 It was MOVED and SECONDED

THAT Council request the Province of British Columbia to commission an independent third-party audit of all BC Housing funded shelters and low-barrier supportive housing facilities in Penticton, including:

- Burdock House
- Fairhaven Supportive Housing
- Compass Court
- Dawson Avenue Shelter
- Sn̓paʔx̓tantn Healing House

AND THAT the purpose of the audit be to provide updated comparative results to the April 14, 2022 Penticton Supportive Housing Review, as well as include metrics reflecting:

- Evaluation of program delivery and overall operational effectiveness;
- Assessment compliance with contractual, service, and performance requirements specifically around a sound business plan and a robust safety and security strategy;
- Identify opportunities for improvement within each facility;
- Examine the broader impacts of these facilities on surrounding neighbourhoods, informed through engagement with nearby residents; and
- Recommend actionable steps for the Province and BCH to address any issues identified through the audit.

CARRIED UNANIMOUSLY

10.2 Notice of Motion introduced by Councillor Graham on April 7, 2026 for consideration:

Main Motion:

It was MOVED and SECONDED

THAT Council direct the CAO and Regional District CAO to dialogue with Ebus for a regional service.

Amendment:

110/2026 It was MOVED and SECONDED

THAT Council add “and provide a letter of support.” after “regional service”.

CARRIED UNANIMOUSLY

Main Motion as Amended:

111/2026 It was MOVED and SECONDED

THAT Council direct the CAO and Regional District CAO to dialogue with Ebus for a regional service and provide a letter of support.

CARRIED UNANIMOUSLY

10.3 Notice of Motion introduced by Mayor Bloomfield on April 21, 2026 for consideration:

112/2026 It was MOVED and SECONDED

THAT Council direct staff to create a Terms of Reference for a "Development Services Review Task Force" that will make recommendations to Council for their consideration related to development approval processes and other divisional improvements.

The Task Force shall include representatives from:

- The development industry
- Architect professionals
- Construction industry
- The business community
- A Council Liaison

AND THAT staff bring back the Terms of Reference to the May 5th Council Meeting.

CARRIED UNANIMOUSLY

11. Business Arising

12. Public Question Period

13. Council Round Table

14. Adjourn to a Closed Council Meeting

The Regular Council Meeting adjourned at 3:38 p.m.

113/2026 It was MOVED and SECONDED

THAT Council adjourn to a Closed Council Meeting pursuant to the provisions of the Community Charter as follows: Section 90 (1)

(c) labour relations or other employee relations;

(e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality;

(g) litigation or potential litigation affecting the municipality; and

(i) the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

CARRIED UNANIMOUSLY

Angie Collison, Corporate Officer

Julius Bloomfield, Mayor



Council Report

penticton.ca

Date: May 5, 2026
To: Anthony Haddad, City Manager
From: Karri Stoppler, Manager of Finance
Subject: **2025 Audited Financial Statements**

Staff Recommendation

THAT Council accept the Audited Financial Statements, as co-presented by BDO Canada LLP, for the year ending December 31, 2025.

Strategic priority objective

Mission: Penticton will serve its residents, businesses and visitors through organizational excellence, partnership and the provision of effective and community focused services.

Background

Per the *Community Charter* Section 167, municipal financial statements for the year must be prepared by the financial officer and presented to Council for acceptance.

Section 171 of the *Community Charter* requires that the municipal auditor report to Council on the annual financial statements of the municipality.

The City's Financial Statements are prepared according to Public Sector Accounting Standards (PSAS) and report the actual use of City resources in the past year in comparison to the original Council approved Financial Plan. Upon consolidation, PSAS requires the City to eliminate entries for transactions including but not limited to inter-fund transactions and reserve transfers. The Financial Statements vary from the City's approved Financial Plan due to the eliminating entries, removal of debt repayments and the recording of tangible capital assets as non-financial assets, including recognition of amortization.

Financial implication

The Consolidated Surplus for the fiscal year ended December 31, 2025 is \$11,591,937, the 2024 consolidated surplus was \$16,585,432.

Overall consolidated revenues increased by 4.1% from 2024 to a total of \$168,905,786 and consolidated expenditures increased by 8.0% from 2024 to a total of \$157,313,849.

Overall the financial position of the City remains strong with net financial assets of \$71.8 million and non-financial assets of \$369 million.

Financial Analysis

Using ratios to examine trend analysis based on *Statements of Recommended Practice* as defined by the Public Sector Accounting Board, we can understand how the City is performing over a period of time, not just at a specific financial statement date, which helps provide insight into financial health.

Table 1, below, shows the **Financial Assets to Liabilities** ratio, which indicates the extent to which government requires future revenues to pay for past transactions. With a ratio now consistently greater than 1, it is evident that there are sufficient resources on hand to finance future operations and the City is in a positive position to leverage future capital spending.

Table 1 Financial Assets to Liabilities

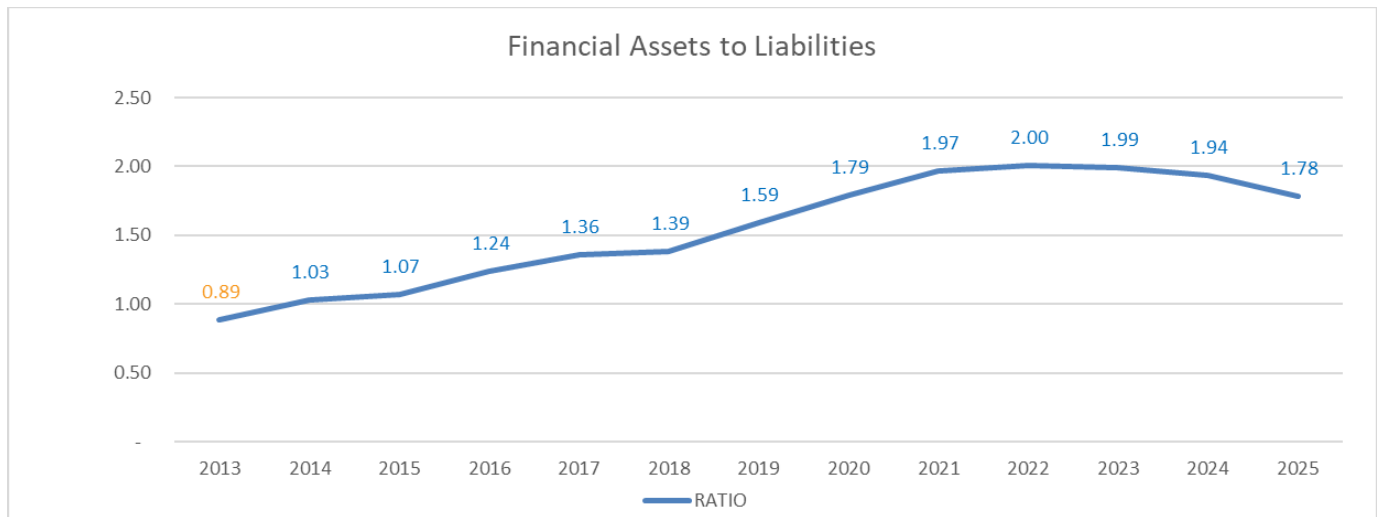
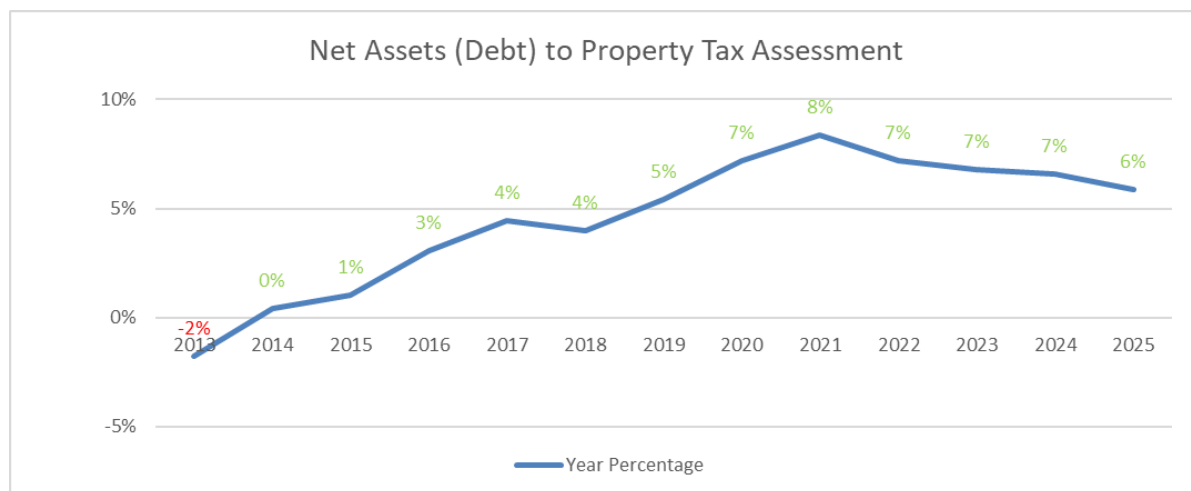


Table 2, below, shows the Net Assets to Property Tax Assessment ratio which measures municipal net assets (debt) compared to the municipal economic activity measured by assessment value upon which taxation is based. It indicates the City's continued ability to manage debt within the economy it operates.

Table 2 Net Assets (debt) to Property Tax Assessment

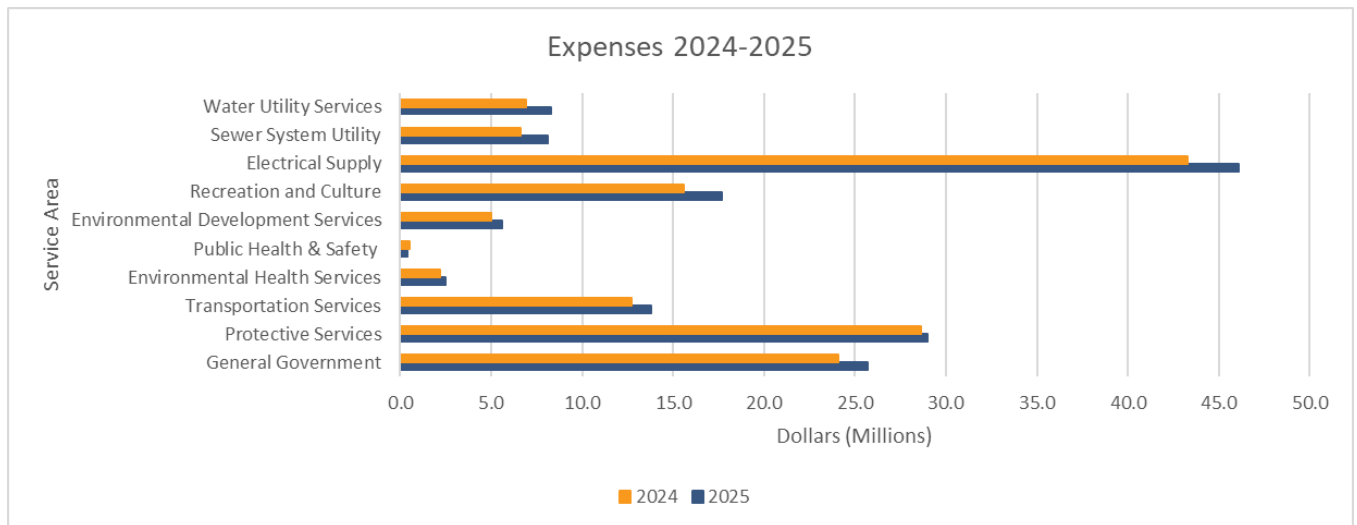


Some significant highlights from the statements include:

- Financial Assets
 - Decrease in cash of \$16M primarily due to the timing of investments maturing and associated reinvestments. This is largely offset by an increase in investments of \$12M.
- Financial Liabilities
 - Decrease in accounts payable and accrued liabilities of \$5.2M primarily due to completion of capital works projects from the previous year
 - Decrease in deposits of \$1.1M held as security for development work such as landscape deposits and cash-in-lieu
 - Increase in long term debt of \$12.5M reflecting new debt received for the Penticton Pressure Reducing Valve and the Ellis 4 Dam projects
- Non-Financial Assets
 - Increase in Tangible Capital Assets of \$19.4M reflecting the City's significant capital investment during 2025
 - Increase in inventory of \$1.5M reflecting increasing costs of goods, especially in electrical inventory
- Revenues
 - Increase in taxation revenues \$4.2M, for budgeted taxation increase as well as realized non market change
 - Increase in Water, Sewer, Storm and Electric user fees of \$5.1M which can be attributed to increases in rates
 - A reduction in grant revenue of \$4.6M due to the completion of the Ellis 4 Dam which was partially offset by grant funds received for the Power Street daycare
 - Recognition of a contributed asset of \$1.5M for the park at the Ridge
- Expenses:
 - Increase in General Government services of \$1.6M primarily due an increase in amortization expenses and under threshold expenditures in capital projects being more than the prior year
 - Increase in Transportation services of \$0.9M primarily due to under threshold expenditures in capital projects being more than the prior year
 - Increase in Recreation and Culture of \$2.1M due to increased operational costs at the SOEC related to additional games in the WHL and collective agreement increases
 - Increase in Electrical of \$2.8M primarily due to increases in electricity costs and under threshold expenditures in capital projects being more than the prior year
 - Increase in Sewer of \$1.4M primarily due to increases in collective agreements, utilities and under threshold expenditures in capital projects being more than the prior year
 - Increase in Water of \$1.4M primarily due to increases in collective agreements, interest and under threshold expenditures in capital projects being more than the prior year

Table 3 shows expenses by service area with comparative data from 2024.

Table 3 Expenses by Service Area 2024-2025



- Reserves:
 - Overall decrease in reserves of \$0.6M
 - Decrease in Own Reserves of \$6.1M
 - Use of reserves for capital and operating projects
 - Deficits in individual funds including Electric, General and Sewer
 - Increase in Statutory Reserves of \$7.6M
 - Largely related to asset management investments
 - Decrease in DCC Reserves of \$0.9M
 - Capital carryforwards from 2025 will require utilization of \$41M of reserves in subsequent years when projects are completed

Attachments

Attachment A – 2025 Final Communication to the Mayor and Members of Council

Attachment B - 2025 Draft Financial Statements

Respectfully submitted,

Karri Stoppler
 Manager of Finance

Concurrence

General Manager Corporate Services	City Manager
<i>AMC</i>	AH



City of Penticton

**Audit final communication to the Mayor and
Members of Council for the year ended
December 31, 2025**



To the Mayor and Members of Council of City of Penticton

We are pleased to provide you with the results of our audit of City of Penticton (the "City") financial statements for the year ended December 31, 2025.

The enclosed final communication includes our approach to your audit, including; significant risks identified and the nature, extent and the results of our audit work. We will also communicate any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us - in discussions and in writing. We documented these representations in the audit working papers.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

May 5, 2026

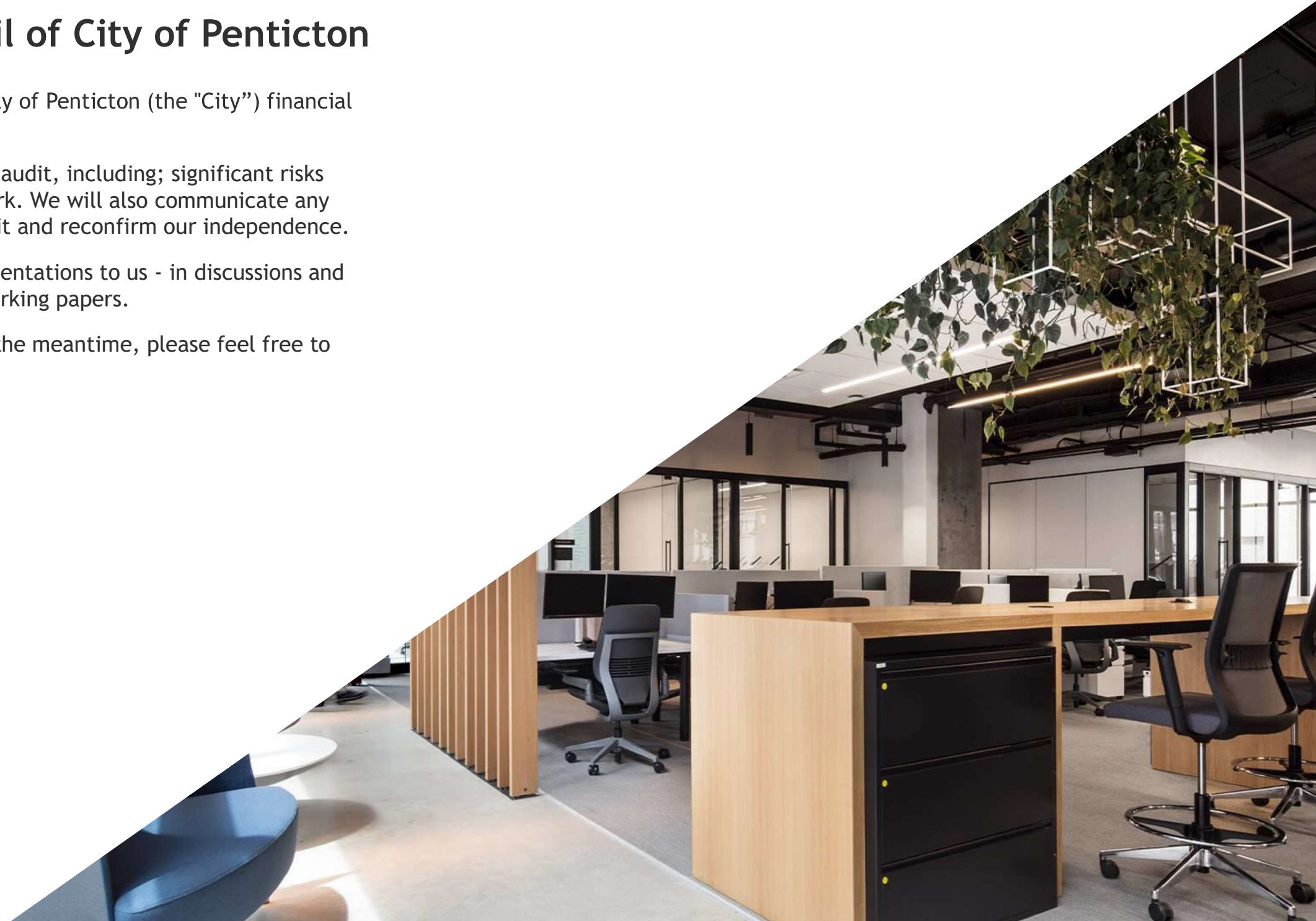


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AUDIT INNOVATION AT BDO

Technology-integrated audit approach

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Audit at a glance



Start date
October 2026



End date
April 2026



Materiality*
\$5,500,000



Sinéad Scanlon CPA, CA
Email: SScanlon@bdo.ca
Direct: +1 (250) 712-4943

***Materiality** in a financial audit means the size or nature of an error or omission that could influence decisions made by users of financial statements.

Notes

- Preliminary materiality was \$5,500,000 for all financial statement areas associated with tangible capital assets, including long-term debt, development cost charges and asset retirement obligations. Preliminary materiality was \$3,500,000 for all other financial statement areas. Final materiality remained unchanged from our preliminary assessment.
- We are not aware of any fraud affecting the City. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.
- We confirm that we are independent accountants with respect to the City, within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia and the requirements of the Code of Ethics of the International Ethics Standards Board for Accountants (“IESBA”), (the “Relevant Ethical Requirements”).
- Since the date of our last communication on December 17, 2025, there have been no changes to relationships between the City and our Firm that may reasonably be thought to bear on independence.



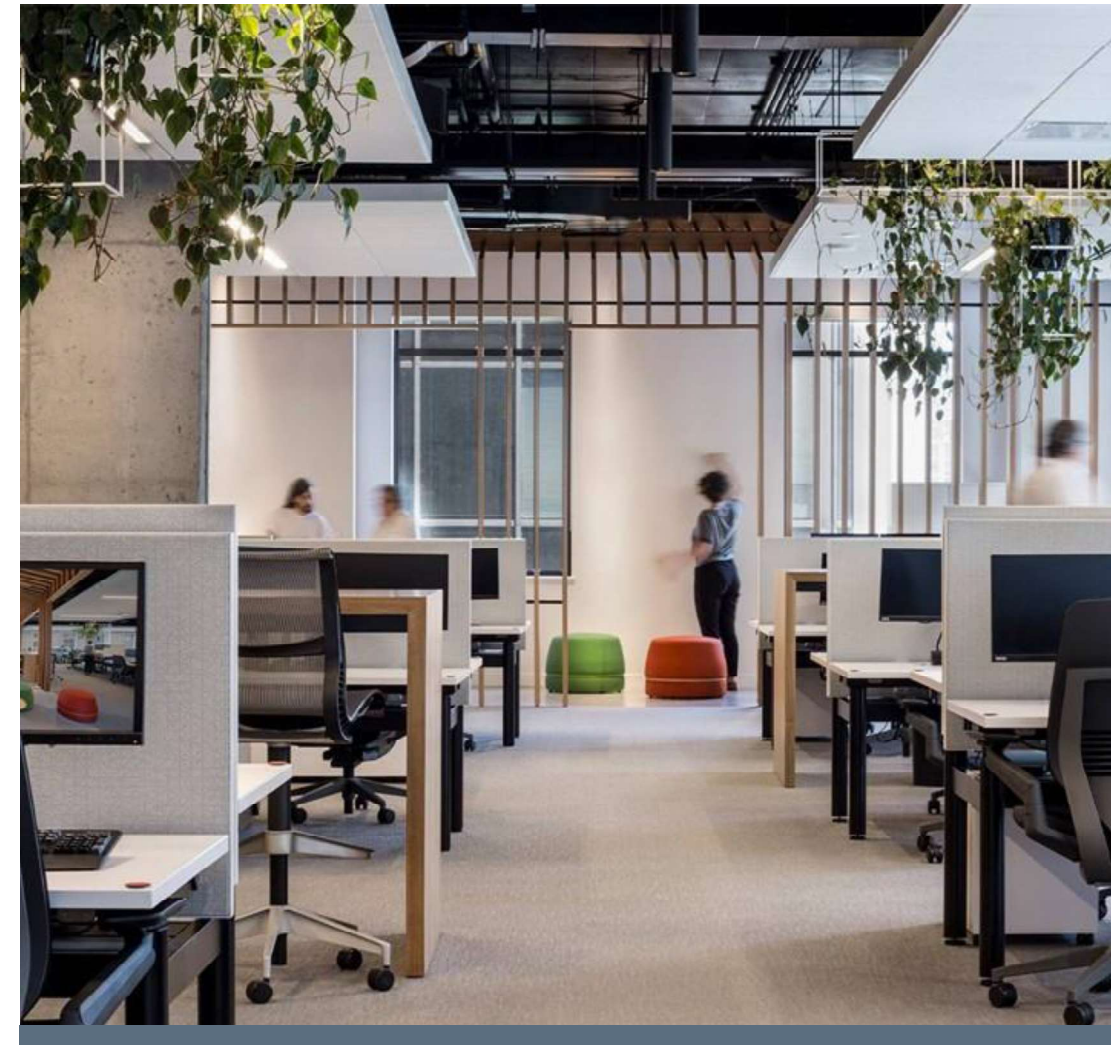
Status of the audit



We have substantially completed our audit of the year ended December 31, 2025 financial statements.

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See Appendix A for our final independent auditor’s report.

The scope of the work performed was substantially the same as that described in our Planning Communication to the Mayor and Members of Council dated December 17, 2025.



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Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the City's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions

A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings	Impact
Fraud risk due to improper revenue recognition	Per CAS 240.26, the auditor shall presume that there are risks of fraud in revenue recognition. Per CAS 240.A28, material misstatement due to fraudulent financial reporting relating to revenue recognition often results from an overstatement of revenues through or recording fictitious revenues. It may result also from an understatement of revenues.	BDO executed the planned procedures and found no instances of revenues recognized inaccurately.	
Fraud relating to management override of control	Per CAS 240.32 irrespective of our assessment of the risk of management override, audit procedures must be performed including review of specific JE's, accounting estimates and unusual transactions.	BDO executed the planned procedures and found no instances of management overriding the controls.	
Budget allocation	Risk that management may manage purchases to match budget. Municipalities may defer costs to a later period, accrue costs early to utilize unused budget amounts, or allocate costs to a different category.	BDO executive the planned procedures and found no instances of management overriding the purchases to match the budget.	
New vendors	Risk that new vendors are not legitimate - potential fraud risk.	BDO executed the planned procedures and found no instances of illegitimate vendors.	
Improper payments to council and senior officer expenses	Improper payments to senior officers and council members may occur.	BDO executed the planned procedures and found no instances of management making improper payments to council and senior officers.	



Impact indication



Internal control matters

During the audit, we performed the following procedures regarding the City’s internal control environment:

- Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- Discussed and considered potential audit risks with management.

We considered the results of these procedures in determining the extent and nature of audit testing required.



The audit expresses an opinion on the City’s financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.

We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

Category	Definition
Deficiency	<p>A deficiency in internal control exists when:</p> <ul style="list-style-type: none"> (a) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis; or (b) A control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.
Significant deficiency	<p>A significant deficiency in internal control is defined as a deficiency or a combination of deficiencies in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.</p>



Adjusted and unadjusted differences

Summary of unadjusted differences

A summary of unadjusted differences have been provided to and approved by management during the course of our audit engagement. We are proposing no further changes.

Summary of adjusted differences

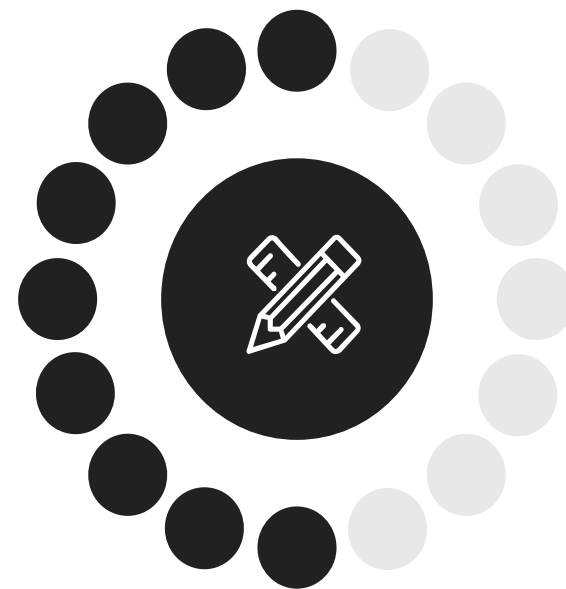
Other than differences identified and adjusted by management throughout the course, there were no other adjusted differences that we noted during the course of the audit.

How we audit financial statements: Our audit process



Scoping

Engage with our client, determine the materiality level, and define the audit scope



Planning

Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face;
Design an appropriate audit strategy to obtain sufficient assurance and enable us to report on the financial statements



Obtain evidence

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly



Completion

Evaluate whether we have enough evidence to conclude that the financial statements are free from material misstatement, and consider the effect of any potential misstatements found;
Communicate our opinion and details of matters on which we are required to communicate



How the firm's system of quality management (SoQM) supports the consistent performance of quality audit engagements

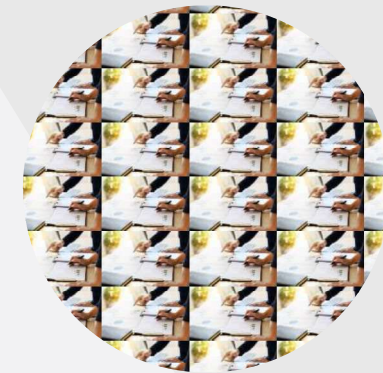
The firm is committed to maintaining high standards of audit quality that meet stakeholders' expectations and serve the public interest. We foster a culture where audit quality is at the center of our strategy and priorities. All partners and staff are accountable for performing quality engagements and upholding professional ethics, values, and attitudes.

The firm invested significant time and resources to establish and operate a SoQM that complies with the requirements set out in Canadian Standard on Quality Management 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (CSQM 1) as issued by the Auditing and Assurance Standards Board (AASB). The SoQM ensures the firm and its personnel meet professional standards, legal and regulatory requirements, and conduct engagements accordingly, with reports issued appropriately for the circumstances.

Taken together our system of quality management supports consistent performance of audit engagements by focusing on eight components that operate in an iterative and integrated manner. These include:

- | | |
|---------------------------------|--------------------------------------|
| 1 Firm risk assessment process | 5 Engagement performance |
| 2 Governance and leadership | 6 Resources |
| 3 Relevant ethical requirements | 7 Information and communication |
| 4 Acceptance and continuance | 8 Monitoring and remediation process |

Standard for Audit Quality



CSQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.



Recommended resources

Staying in the know with knowledge and perspective



Key changes to financial reporting

When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

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The latest tax pointers

Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization's bottom line. Our tax collection keeps you current.

[STAY ON TOP OF TAXES](#)



Trending topics

As a community of advisors with the best interests of our clients in mind, we keep our ear to the ground to bring insights and perspectives related to key business trends to you.

[EXPLORE NOW](#)



Four challenges facing Canadian municipalities

We identify growing financial pressures, aging infrastructure, workforce constraints, and rising service expectations as key challenges facing Canadian municipalities, underscoring the need to prioritize strong financial governance and proactive long-term planning to support sustainable service delivery.

[READ ARTICLE](#)

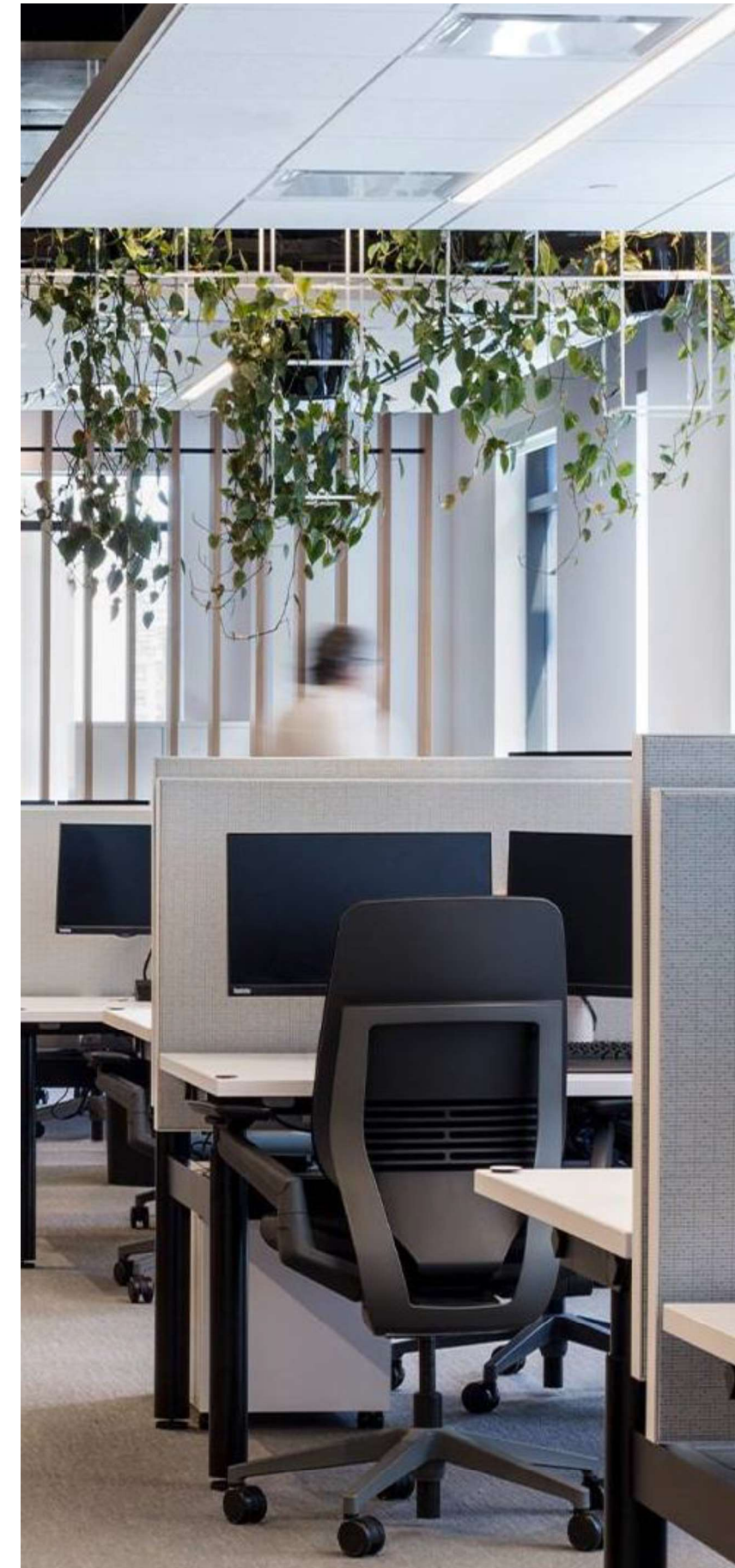


Section PS 1202 - Financial Statement Presentation

The Public Sector Accounting Board (PSAB) has introduced Section PS 1202 - Financial Statement Presentation, effective for fiscal years beginning on or after April 1, 2026. The new reporting model reshapes how public sector entities present and disclose financial information, adding new statements and refining existing ones to improve transparency and comparability. Entities should begin preparing now to ensure a smooth transition ahead of the effective date.

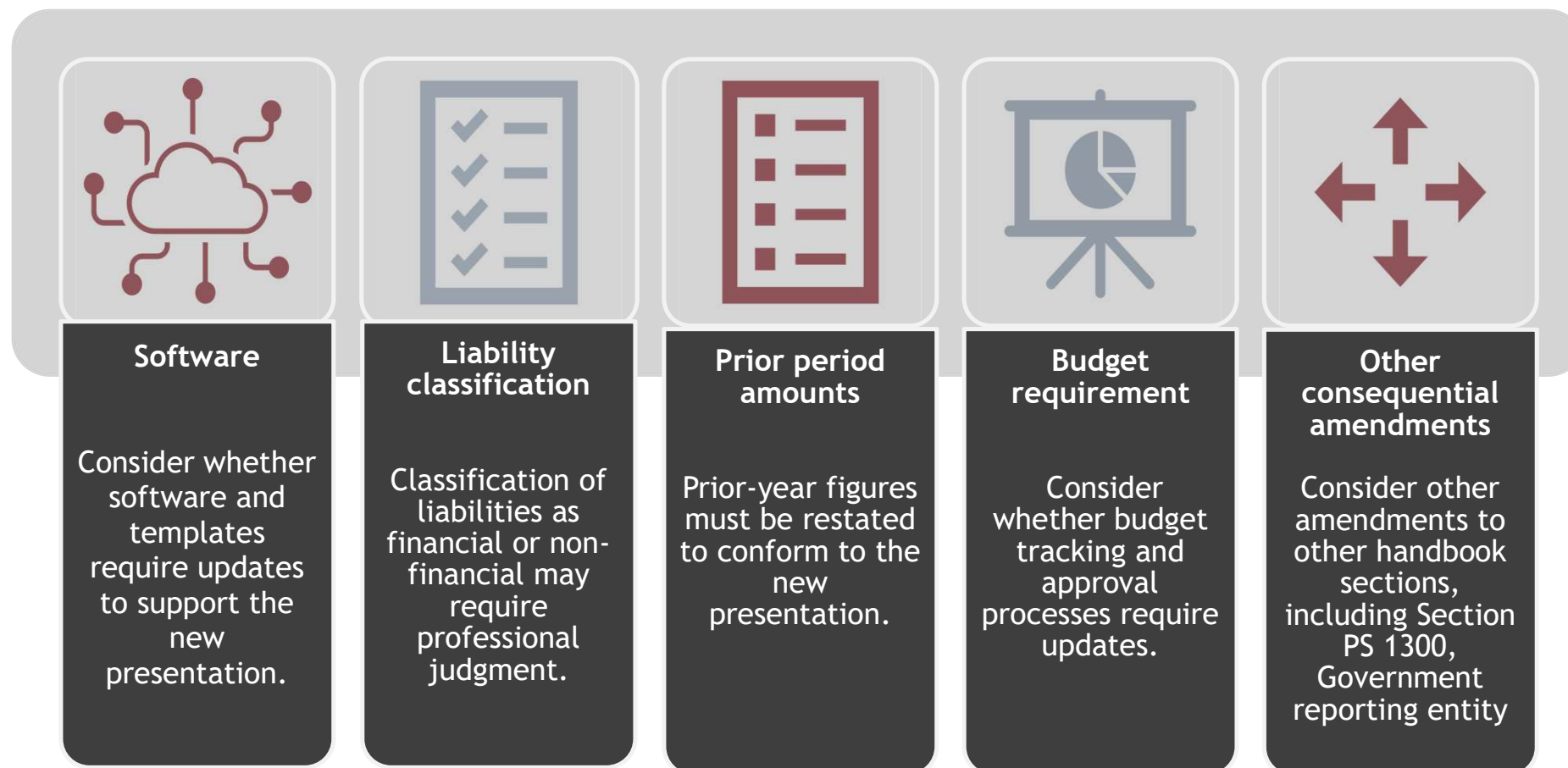
Key changes at a Glance

Statement of Financial Position	→	Significantly restructured
Statement of Net Financial Assets (Net Financial Liabilities)	→	New statement displaying revised calculation of net debt
Statement of Change in Net Financial Assets/Net Debt	→	Removed
Statement of Changes in Net Assets (Net Liabilities)	→	New statement showing reconciliation between opening and closing balances of each component of net assets
Statement of Cashflow	→	Restructured that financing activities separated from other items
Budget	→	New budget requirements



Section PS 1202 - Financial Statement Presentation

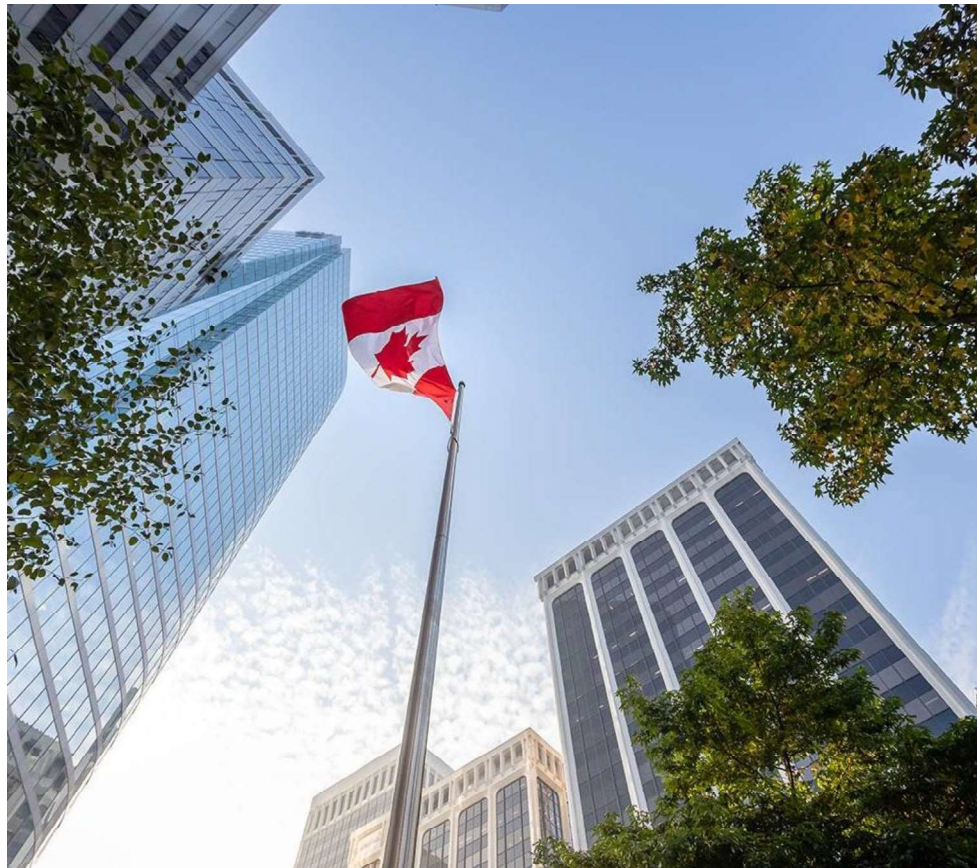
- Key Considerations to Getting Ready



Action Checklist: What should you do

- Understand the impact: Review the new requirements to determine how your current financial statements and reporting packages will be affected.
- Assess policies and templates: Update financial statement formats, accounting policies, and internal templates as needed.
- Plan for software updates: Confirm that financial reporting tools can support the revised presentation and disclosure requirements.
- Train key personnel: Ensure finance and audit teams are informed and prepared for the changes.
- Engage stakeholders: Communicate anticipated impacts to councils, boards, and oversight bodies.
- Prepare early: Develop an implementation timeline to meet the April 1, 2026 effective date.

Spotlight on public sector



Industry insights to shape your business

At BDO, we help governments create efficient ways of working to achieve better outcomes for their citizens and public servants. From technology-based solutions to program development, advisory and audit, our team can guide you through critical strategic decisions to ensure you deliver on your vision, goals, and accountability expectations.

Public sector Insights



Resources to
support your business

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Appendices



Appendices



Appendix A:
Independent auditor's report



Appendix B:
Representation Letter



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Appendix A: Independent auditor's report



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BDO Canada LLP
1631 Dickson Avenue, Suite 400
Kelowna, BC, V1Y 0B5

Independent Auditor's Report

To the Mayor and Council of the Corporation of the City of Penticton

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Penticton and its controlled entities (the "City"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of operations and accumulated surplus, the consolidated statement of change in net financial assets and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2025, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the unaudited schedules of the City's financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Penticton, British Columbia
May 5, 2026

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Appendix B: Representation letter

The Corporation of the City of Penticton
171 Main St
Penticton, British Columbia
V2A 5A9

May 5, 2026

BDO Canada LLP
Chartered Professional Accountants
1631 Dickson Avenue
Suite 400
Kelowna British Columbia
V1Y 0B5

This representation letter is provided in connection with your audit of the financial statements of The Corporation of the City of Penticton for the year ended December 31, 2025, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated September 4, 2025, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. When applicable, these litigation and claims have been accounted for and disclosed in the financial statements.
- We will provide to you, when available and prior to issuance by the entity, the final version of the document(s) comprising the annual report.

Yours truly,

Signature

Position

Final Draft for Mayor and Council Approval

City of Penticton
Summary of Unadjusted Misstatements
December 31, 2025

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Local Government Housing Initiative - immaterial total of funding not eligible for deferral.	281,804				281,804		(281,804)
MFA Debt Reserve Fund asset not presented on statement of financial position.	1,054,361			1,054,361		(904,350)	(150,011)
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	1,336,165	-	-	1,054,361	281,804	(904,350)	(431,815)
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				1,054,361	281,804	(904,350)	(431,815)

Details of why no adjustment has been made to the financial statements for the above items:

Per discussion with management for both areas, as amounts individually and in aggregate are not material to the audited financial statements, no further proposed changes are necessary.



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BDO Canada LLP
1631 Dickson Avenue, Suite 400
Kelowna, BC, V1Y 0B5

Independent Auditor's Report

To the Mayor and Council of the Corporation of the City of Penticton

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Chartered Professional Accountants

Penticton, British Columbia
May 5, 2026

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

	2025	2024
Financial Assets		
Cash	\$ 2,855,897	\$ 18,894,713
Investments (Note 1)	140,280,617	128,308,411
Accounts Receivable (Note 2)	20,321,978	21,071,817
	<u>163,458,492</u>	<u>168,274,941</u>
Financial Liabilities		
Accounts Payable and Accrued Liabilities	19,876,143	25,116,394
Development Cost Charges (Note 3)	17,400,647	18,268,378
Deferred Revenue (Note 4)	10,183,996	10,836,988
Deposits	5,015,212	6,110,584
Long Term Debt (Note 8)	33,924,901	21,373,477
Asset Retirement Obligations (Note 10)	5,294,912	5,061,034
	<u>91,695,811</u>	<u>86,766,855</u>
Net Financial Assets	\$ 71,762,681	\$ 81,508,086
Non-Financial Assets		
Tangible Capital Assets (Note 11)	\$ 360,376,406	\$ 341,035,579
Inventory	5,404,911	3,924,831
Prepaid Expenses	3,260,774	2,744,339
	<u>369,042,091</u>	<u>347,704,749</u>
Accumulated Surplus	<u>\$ 440,804,772</u>	<u>\$ 429,212,835</u>

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2025

	2025 Budget (Note 14)	2025	2024
Revenue			
Taxation (Note 15)	50,801,736	\$ 50,621,900	\$ 46,375,359
Sales of Services	88,748,735	86,494,308	80,782,196
Government Grants and Transfers (Note 16)	4,073,613	7,927,724	12,540,980
Other Revenue (Note 17)	11,473,204	15,444,922	16,285,318
Other Contributions	4,099,603	6,993,127	6,192,954
Gain (Loss) on Disposal	30,000	(32,195)	24,190
Contributed Asset (Note 11)	-	1,456,000	-
	<u>159,226,891</u>	<u>168,905,786</u>	<u>162,200,997</u>
Expenditure (Note 18)			
General Government	22,308,108	25,673,107	24,057,727
Protective Services	30,019,986	28,996,651	28,585,795
Transportation Services	11,361,729	13,791,973	12,868,356
Environmental Health Services	2,451,670	2,491,518	2,155,927
Public Health and Safety	437,416	435,577	461,252
Environmental Development Services	5,458,534	5,627,891	5,016,057
Recreation and Culture	15,057,230	17,743,475	15,597,621
Electrical Supply	44,162,565	46,126,421	43,304,408
Sewer System Utility	6,996,211	8,055,385	6,645,816
Water Utility Services	6,593,798	8,371,851	6,922,606
	<u>144,847,247</u>	<u>157,313,849</u>	<u>145,615,565</u>
Annual Surplus	14,379,644	11,591,937	16,585,432
Accumulated Surplus, Beginning of Year	<u>429,212,835</u>	<u>429,212,835</u>	<u>412,627,403</u>
Accumulated Surplus, End of Year	<u>443,592,479</u>	<u>\$ 440,804,772</u>	<u>\$ 429,212,835</u>

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2025

	2025 Budget	2025	2024
Annual surplus	14,379,644	\$ 11,591,937	\$ 16,585,432
Acquisition of Tangible Capital Assets (Note 11)	(30,312,903)	(35,138,964)	(33,679,407)
Amortization (Note 11)	16,229,000	17,287,193	17,083,341
Change Related to Asset Retirement Obligations (Note 10)	-	(187,049)	(1,715,276)
Net Disposal of Tangible Capital Assets (Note 11)	-	36,195	10,000
Contributed Tangible Capital Assets (Note 11)	-	(1,456,000)	-
Asset Reclassification (Note 11)	-	117,798	257,942
	295,741	(7,748,890)	(1,457,968)
Change in Prepaid Expenses	-	(516,435)	(172,314)
Change in Supplies Inventories	-	(1,480,080)	673,198
	-	(1,996,515)	500,884
Increase (Decrease) in Net Financial Assets	295,741	(9,745,405)	(957,084)
Net Financial Assets, Beginning of Year	81,508,086	81,508,086	82,465,170
Net Financial Assets, End of Year	81,803,827	\$ 71,762,681	\$ 81,508,086

See accompanying notes to the Consolidated Financial Statements.

**THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025**

	2025	2024
Operating Transactions		
Annual Surplus	\$ 11,591,937	\$ 16,585,432
Change in Non-Cash Operating Items		
Accounts Receivable	749,839	(5,211,595)
Accounts Payable and Accrued Liabilities	(5,240,251)	6,536,689
Development Cost Charges	(867,731)	763,895
Deferred Revenues	(652,992)	1,355,685
Deposits	(1,095,372)	(1,045,309)
Prepaid Expenses	(516,435)	(172,314)
Inventory	(1,480,080)	673,198
Net Disposal of Tangible Capital Assets	36,195	10,000
Amortization	17,287,193	17,083,341
Asset Retirement Obligation Settlements	(93,914)	-
Accretion	140,743	457,816
Contributed Tangible Capital Assets	(1,456,000)	-
Asset Reclassification	117,798	257,942
	<u>6,928,993</u>	<u>20,709,348</u>
Cash Provided by Operating Activities	18,520,930	37,294,780
Capital Transactions		
Cash Used to Acquire Tangible Capital Assets	(35,138,964)	(33,679,407)
Financing Transactions		
Debt Proceeds	16,000,000	-
Debt Repayment	(3,448,576)	(3,644,037)
Cash Provided by Financing Transactions	12,551,424	(3,644,037)
Investing Transactions		
Change in Investments	(11,972,206)	10,110,808
Change in Cash	(16,038,816)	10,082,144
Cash, Beginning of Year	<u>18,894,713</u>	<u>8,812,569</u>
Cash, End of Year	<u>\$ 2,855,897</u>	<u>\$ 18,894,713</u>

Note: Investment income recognized includes an actuarial addition to the sinking fund

See accompanying notes to the Consolidated Financial Statements.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2025**

Nature of Business

The consolidated financial statements of the City have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board. The Corporation of the City of Penticton ("the City") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the City. All inter-entity transactions and balances have been eliminated. The controlled organizations include:

Penticton Public Library

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

Investments

Investments include bank issued notes and bonds and provincial bonds and debentures maturing in the subsequent year.

Revenue Recognition

Taxation

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollected amounts.

Government Transfers

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.

Other Sources of Revenue

Revenues from transactions with performance obligations are recognized when (at a point in time) or as (over a period of time) the City satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2025**

Revenue Recognition continued

Other Sources of Revenue continued

The City recognizes revenue from users of the electric, water, sewer, solid waste disposal, and rentals of City property services on a straight-line basis over the period of time that the relevant performance obligations are satisfied by the City.

The City recognizes revenue from administrative services, building permits, development permits, sales of goods and other licenses and permits at the point in time that the City has performed the related performance obligations and control of the related benefits has passed to the payors.

Revenue from transactions without performance obligation is recognized at realizable value when the City has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

The City recognizes revenue from tax penalties and interest, parking ticket fines, and other revenue without associated performance obligations at the realizable value at the point in time when the City is authorized to collect these revenues.

Financial Instruments

All financial instruments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

For investments measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Inventory

The City holds consumable inventory which is recorded at the lower of cost and replacement value. Cost is determined on a weighted average basis.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2025**

Non-Financial Assets continued

Tangible Capital Assets

Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Tangible capital assets are written down when conditions indicate that they no longer contribute to the organization's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as an expense in the statement of operations. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to 70 years
Roads and Sidewalks	25 to 75 years
Machinery and Equipment	5 to 20 years
Water Infrastructure	50 to 100 years
Sewer Infrastructure	10 to 100 years
Electrical Infrastructure	20 to 50 years
Parks and Recreation Infrastructure	10 to 50 years
Vehicles	5 to 20 years
Furniture and Equipment	5 to 20 years
Computer Hardware and Software	5 to 13 years
Books and Library Materials	5 to 13 years
Construction in progress	No amortization taken

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of contribution, where fair value is reasonably determinable, with a corresponding amount recorded as revenue.

Works of Art and Historical Assets

The City holds several works of art and historic treasures that have not been included in the tangible capital assets, including displays at the museum and various works of art and decorations in the facilities.

Retirement and Employment Benefits

The City's retirement contributions due during the period to its multi-employer defined benefit plan are expensed as incurred.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2025**

Retirement and Employment Benefits continued

On January 1 of each year, City employees belonging to CUPE local 608 are credited with the equivalent of two workweeks of paid leave to be used during the year. Unused sick leave is not eligible for payment upon retirement or termination, may not be used as vacation and may not be carried forward to subsequent years.

Reserve for Future Expenditure

Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Statutory Reserve Funds

The use of these funds is restricted by Municipal Bylaws established in accordance with the Community Charter. Statutory reserve funds are funded 100% by cash and temporary investments.

Measurement Uncertainty

The preparation of consolidated financial statements in accordance with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Collection of Taxes on Behalf of Other Taxation Authorities

The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these consolidated financial statements.

Contaminated Sites

A liability for contaminated sites is recognized when an accidental contamination occurs and the following criteria are met:

- a) An environmental standard exists
- b) Contamination exceeds the environmental standard
- c) The City is directly responsible or accepts responsibility for remediation
- d) It is expected that future economic benefits will be given up; and
- e) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at December 31, 2025 and 2024, the City has no liability for contaminated sites.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2025**

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the City will be required to settle. The City recognizes asset retirement obligations when there is a legal obligation to incur retirements costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.

Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. Subsequently, the asset retirement costs are allocated to expenses over the useful life of the tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

DRAFT FOR DISCUSSION - COUNCIL MEETING JULY 5, 2025

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

1. Investments

	2025	2024
Municipal Finance Authority - Pooled High Interest Savings Account	\$ 36,625,769	\$ 35,358,620
Term Deposits - Chartered Banks	21,636,765	15,000,000
Term Deposits - BC Based Credit Unions	47,904,313	36,397,021
Term Deposits - Non BC Credit Unions	34,113,770	41,552,770
	<u>\$ 140,280,617</u>	<u>\$ 128,308,411</u>

Investments held by the City have a range of maturity dates with the earliest being February 21, 2026 and the latest being September 24, 2029. Interest rates vary between 2.2% and 6.0%.

2. Accounts Receivable

	2025	2024
Property Taxes	\$ 2,186,293	\$ 1,254,232
Other Receivables	2,320,074	2,280,257
Federal Government	1,521,878	1,417,198
Provincial Government	4,131,061	5,933,617
Other Government Agencies	-	88,309
Utility Rates Receivable	5,568,875	5,889,037
Accrued Interest Receivable	4,741,322	4,326,570
Cemetery Trust Fund Receivable (Payable)	(147,525)	(117,403)
	<u>\$ 20,321,978</u>	<u>\$ 21,071,817</u>

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

3. Development Cost Charges (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. When the related costs are incurred, the DCCs are recognized as revenue.

	2025	2024
DCC by Type		
Roads DCC	\$ 2,345,373	\$ 2,015,234
Parks DCC	1,244,385	761,694
Drainage DCC	1,406,817	1,344,555
Waste Water DCC	10,790,090	10,594,572
Water DCC	1,613,982	3,552,323
	<u>17,400,647</u>	<u>18,268,378</u>
DCC Activity		
Balance, Beginning of Year	18,268,378	17,504,483
Return on Investments	563,445	557,526
DCCs Levied in the Year	3,525,821	2,848,232
Transfers	(4,956,997)	(2,641,863)
	<u>\$ 17,400,647</u>	<u>\$ 18,268,378</u>

In 2010, Council adopted Economic Incentive Zone Bylaw and in 2022 adopted an updated Development Cost Charge Bylaw. The purpose of these bylaws was to spur development in key areas of the City, promote sustainable development and promote the development of affordable rental housing. The bylaws also contain provisions to encourage high-end hotel development.

The Development Cost Charges and Economic Incentive Tax Exemption Program have been implemented in accordance with the provisions of Section 933(1) of the Local Government Act and Section 226 of the Community Charter, respectively. In 2025, \$248,536 (2024 - \$282,929) of Economic Incentive tax exemptions were granted.

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

4. Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as Deferred Revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations in the year in which it is used for the specified purpose. Deferred Revenue is comprised of the following:

	Taxes	Recreation	Other *	Total
Balance at December 31, 2024	\$ 7,507,024	710,495	\$ 2,619,469	\$ 10,836,988
Collected	14,381,944	1,248,774	939,957	16,570,675
Recognized	(13,988,930)	(1,172,495)	(2,062,242)	(17,223,667)
Balance at December 31, 2025	\$ 7,900,038	786,774	\$ 1,497,184	\$ 10,183,996

**Included in other deferred revenue is \$281,804 (2024 - \$303,494) from the Capacity Funding for Local Government Housing Initiatives. In the current year \$21,690 (2024 - \$10,960) was spent on this program.*

5. Pension Liability

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for the average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation as at December 31, 2024 indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The City of Penticton paid \$3,191,462 (2024 - \$3,053,982) for employer contributions to the Plan in fiscal 2025.

The next valuation will be as at December 31, 2027.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

6. Contingent Liabilities

a. Regional District of Okanagan Similkameen

All monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2025, the long term debt of the Regional District aggregated \$87,944,741 (2024 - \$77,221,237).

b. General Contingencies

From time to time there are potential claims against the City for incidents which arise in the ordinary course of business. In the opinion of management and legal counsel, the outcomes of the claims are not determinable at this time and cannot be estimated. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

c. Municipal Insurance Association

The City is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the City along with other participants, would be required to contribute towards the deficit.

7. Letters of Credit

In addition to the performance deposits reflected in the Consolidated Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of \$1,480,591 which were received from depositors to ensure their performance of works to be undertaken within the City. These amounts are not reflected in the consolidated financial statements but are available to satisfy liabilities arising from non-performance by the depositors.

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

8. Long Term Debt

Long term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2025	2024
Long Term Debt	\$ 33,924,901	\$ 21,373,477

Principal repayments relating to long term debt of \$33,924,901 outstanding are due as follows (in thousands):

	2026	2027	2028	2029	2030	Thereafter	Sinking Fund
General Fund	\$ 739	\$ 578	\$ 565	\$ 329	\$ 315	\$ 21	\$ 2,196
Sewer Fund	652	652	612	344	108	1,410	2,749
Water Fund	1,153	996	996	862	731	10,634	7,281
	<u>\$ 2,544</u>	<u>\$ 2,226</u>	<u>\$ 2,173</u>	<u>\$ 1,535</u>	<u>\$ 1,154</u>	<u>\$ 12,065</u>	<u>\$ 12,226</u>

Long term debt is secured by the assets of the City. The Long Term Debt is held by the Municipal Finance Authority. The principal payments are invested by the Municipal Finance Authority into a Sinking Fund. The principal repayments are currently estimated at between 3-3.75%. The 2025 earnings in the Sinking Fund were calculated to be \$1,448,456 and are included in Other Revenue on the Consolidated Statement of Operations.

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

9. Debt Issued and Outstanding

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2025 Payments	
										Interest	Principal
General Fund											
2004-11	1108/2004	93	06-Apr-05	Wine Information Centre	\$ 800,000	\$ -	20	2025	5.100	\$ 1,282	\$ 50,278
2004-20	1108-2004	93	06-Apr-05	Integrated Waterfront	520,000	-	20	2025	5.100	833	32,681
2004-21	614/2005	95	13-Oct-05	Youth Park	150,000	-	20	2025	0.910	1,365	6,112
2005-18	615/2005	95	13-Oct-05	Integrated Waterfront	825,000	-	20	2025	0.910	7,508	33,618
2006-15	17/17/2006	99	07-Nov-06	Road Works-Fairview/Ind	1,595,000	112,849	20	2026	1.530	24,404	53,563
2006-17	17/17/2006	99	07-Nov-06	Sportsfields	3,200,000	226,405	20	2026	1.530	48,960	107,462
2006-33	273/2007	102	02-Nov-07	Integrated Waterfront '06	350,000	48,239	20	2027	3.900	13,650	13,143
2006-76	024/2008	103	23-Apr-08	Wellness Centre	3,000,000	612,588	20	2028	3.790	113,700	100,745
2007-41	333/2008	104	20-Nov-08	Cemetery-Columbarium	2,500,000	510,490	20	2028	4.300	107,500	83,954
2007-52	333/2008	104	20-Nov-08	Indoor Soccer Facility	1,000,000	204,196	20	2028	4.300	43,000	33,582
2007-57	333/2008	104	20-Nov-08	Integrated Waterfront	530,000	108,224	20	2028	4.300	22,790	17,798
2007-52	638/2009	106	13-Oct-09	Indoor Soccer Facility	415,000	110,844	20	2029	4.100	17,015	13,936
2007-52	15/30/2010	110	08-Apr-10	Indoor Soccer Ph2	586,000	189,869	20	2030	3.380	13,654	21,542
2009-14	15/30/2010	110	08-Apr-10	Pool Upgrades	7,400,000	2,397,659	20	2030	3.380	172,420	272,037
2007-52	B25/2011	116	04-Apr-11	Indoor Soccer Facility	135,000	51,622	20	2031	1.470	1,985	4,963
2009-43	B25/2011	116	04-Apr-11	Road Works-Smythe Dr	447,000	170,927	20	2031	1.470	6,571	16,432
					<u>23,453,000</u>	<u>4,743,912</u>				<u>596,637</u>	<u>861,846</u>

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

9. Debt Issued and Outstanding continued

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2025 Payments	
										Interest	Principal
Water Fund											
2006-07	17/07/2006	99	07-Nov-06	Naramata Rd. Upgrade	4,670,000	330,411	20	2026	1.530	71,451	156,827
2007-83	333/2008	104	20-Nov-08	Water Filtration Plant	4,000,000	816,784	20	2028	4.300	172,000	134,327
2007-83	638/2009	106	13-Oct-09	Water Filtration Plant	3,900,000	1,041,667	20	2029	4.100	159,900	130,969
2022-33	394/2022	159	13-Jun-23	Ridgedale Reservoir	4,700,000	4,365,085	20	2043	4.150	195,050	164,496
2022-32	24/2025	166	25-Jun-25	Penticton Ave PRV	5,100,000	5,100,000	20	2045	4.130	105,315	-
2025-03	03/2025	167	22-Oct-25	Ellis 4 Dam	11,000,000	11,000,000	20	2045	3.730	-	-
					<u>33,370,000</u>	<u>22,653,947</u>				<u>703,716</u>	<u>586,619</u>
Sewer Fund											
2006-61	273/2007	102	02-Nov-07	Septage Handling Facility	1,050,000	144,717	20	2027	3.900	40,950	39,429
2008-10	332-2008	104	02-Nov-07	Sewer System Upgrade	8,000,000	1,633,568	20	2028	4.300	344,000	268,654
2008-10	638-2009	106	13-Oct-09	Sewer Plant Expansion	7,000,000	1,869,658	20	2029	4.100	287,000	235,072
2022-31	394-2022	159	13-Jun-23	AWWTP	3,100,000	2,879,099	20	2043	4.150	128,650	108,498
					<u>19,150,000</u>	<u>6,527,042</u>				<u>800,600</u>	<u>651,653</u>
					<u>\$ 75,973,000</u>	<u>\$ 33,924,901</u>				<u>\$ 2,100,953</u>	<u>\$ 2,100,118</u>

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

10. Asset Retirement Obligations

The City owns and operates several assets that are known to have asbestos and lead paint, which represent a health hazard upon demolition or renovation of the assets. There is a legal obligation to remove and dispose of the hazardous materials when it is disturbed. The City has recognized an obligation relating to the removal of the hazardous materials.

The value of the obligation is management's best estimate and has been inflated using an inflation rate of 2.40% (2024 - 1.80%) and discounted using the City's average borrowing rate of 4.13% (2024 - 4.05%). The timing of these expenditures is estimated to occur between 2026 and 2072 with the regular replacement renovation, or disposal of assets. No recoveries are expected at this time.

	<u>2025</u>	<u>2024</u>
Opening Asset Retirement Obligation	\$ 5,061,034	\$ 2,887,942
Increase due to Change in Estimates	156,099	1,688,981
Increase due to Accretion	140,743	457,816
Increase due to Additions	30,950	26,295
Decrease due to Settlement	(93,914)	-
	<u>\$ 5,294,912</u>	<u>\$ 5,061,034</u>

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

11. Tangible Capital Assets

The City of Penticton budgets for Tangible Capital Assets (TCA) as well as non-operating repairs and maintenance through the capital budget. During the year, the City incurred \$43,539,266 of expenditures that fall within the Capital Budget. Of this amount, \$35,138,964 met the TCA capitalization policy criteria while the remaining \$8,400,302 was expensed due to the expenditure being outside the TCA capitalization policy criteria or they were related to repairs and maintenance.

	Land	Buildings	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2025 Total
COST									
Opening Balance	\$ 55,957,078	\$ 177,714,393	\$ 66,643,740	\$ 62,338,079	\$ 67,038,778	\$ 91,696,118	\$112,979,452	\$ 22,840,641	\$ 657,208,279
Add: Additions	503,479	5,033,664	3,639,889	330,882	13,956,107	760,961	1,807,264	9,106,718	35,138,964
Add: Additions due to ARO (Note 10)	-	187,049	-	-	-	-	-	-	187,049
Add: Trsf to/from Construction in Progress	-	3,072,511	1,862,833	-	11,156,751	490,952	943,386	(17,526,433)	-
Add: Contributed Assets	688,000	-	768,000	-	-	-	-	-	1,456,000
Less: Disposals	-	113,991	1,112,850	-	-	-	-	-	1,226,841
Re-classification	-	-	-	-	-	-	-	(117,798)	(117,798)
	<u>57,148,557</u>	<u>185,893,626</u>	<u>71,801,612</u>	<u>62,668,961</u>	<u>92,151,636</u>	<u>92,948,031</u>	<u>115,730,102</u>	<u>14,303,128</u>	<u>692,645,653</u>
ACCUMULATED AMORTIZATION									
Opening Balance	-	106,382,483	44,038,005	18,833,913	25,913,241	51,567,482	69,437,576	-	316,172,700
Add: Amortization	-	5,616,550	3,938,524	1,280,385	1,380,489	2,063,256	3,007,989	-	17,287,193
Less: Acc Amortization on Disposals	-	81,796	1,108,850	-	-	-	-	-	1,190,646
	<u>-</u>	<u>111,917,237</u>	<u>46,867,679</u>	<u>20,114,298</u>	<u>27,293,730</u>	<u>53,630,738</u>	<u>72,445,565</u>	<u>-</u>	<u>332,269,247</u>
Net Book Value for Year Ended Dec. 31, 2025	<u>\$ 57,148,557</u>	<u>\$ 73,976,389</u>	<u>\$ 24,933,933</u>	<u>\$ 42,554,663</u>	<u>\$ 64,857,906</u>	<u>\$ 39,317,293</u>	<u>\$ 43,284,537</u>	<u>\$ 14,303,128</u>	<u>\$ 360,376,406</u>

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

11. Tangible Capital Assets continued

	Land	Buildings	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction In Progress	2024 Total
COST									
Opening Balance	\$ 55,598,373	\$ 173,775,017	\$ 61,941,126	\$ 60,897,256	\$ 65,561,081	\$ 86,490,294	\$105,519,305	\$ 12,572,917	\$ 622,355,369
Add: Additions	609,779	1,309,033	4,934,773	1,148,266	814,976	3,552,088	2,902,910	18,407,582	33,679,407
Add: Additions due to ARO recognition (Note 10)	-	1,715,276	-	-	-	-	-	-	1,715,276
Add: Trsf to/from Construction in Progress	-	663,993	51,672	292,557	662,721	1,653,736	4,557,237	(7,881,916)	-
Less: Disposals	-	-	283,831	-	-	-	-	-	283,831
Re-classification	(251,074)	251,074	-	-	-	-	-	(257,942)	(257,942)
	<u>\$ 55,957,078</u>	<u>177,714,393</u>	<u>66,643,740</u>	<u>62,338,079</u>	<u>67,038,778</u>	<u>91,696,118</u>	<u>112,979,452</u>	<u>22,840,641</u>	<u>657,208,279</u>
ACCUMULATED AMORTIZATION									
Opening Balance	-	100,376,116	40,806,882	17,578,349	24,870,741	49,519,964	66,211,138	-	299,363,190
Add: Amortization	-	6,006,367	3,504,954	1,255,564	1,042,500	2,047,518	3,226,438	-	17,083,341
Less: Acc Amortization on Disposals	-	-	273,831	-	-	-	-	-	273,831
	-	<u>106,382,483</u>	<u>44,038,005</u>	<u>18,833,913</u>	<u>25,913,241</u>	<u>51,567,482</u>	<u>69,437,576</u>	-	<u>316,172,700</u>
Net Book Value for Year Ended Dec. 31, 2024	<u>\$ 55,957,078</u>	<u>\$ 71,331,910</u>	<u>\$ 22,605,735</u>	<u>\$ 43,504,166</u>	<u>\$ 41,125,537</u>	<u>\$ 40,128,636</u>	<u>\$ 43,541,876</u>	<u>\$ 22,840,641</u>	<u>\$ 341,035,579</u>

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

12. Credit Facilities

The City holds a \$5,000,000 line of credit with the Valley First Credit Union. This line of credit has a borrowing rate of prime 4.5% (2024 - 5.5%) and is secured by promissory note as indicated in the Revenue Anticipation Borrowing Bylaw 2011 No. 5003.

As of December 31, 2025 there was no balance outstanding (2024 - \$NIL).

13. Municipal Finance Authority

Cash Deposits and Demand Notes - The City issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debt proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debt borrowing whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

Proceeds on loan requests are 98.40% of the gross amount of the loan. 1% is deducted by the MFA for security against loan default (this is held in trust by the MFA in its Debt Reserve Fund and will be refunded to clients, with interest, at loan expiry). The remaining 0.60% is deducted as an issue expense to cover the costs of administering the Debt Reserve Fund.

As at December 31, 2025 the Debt Reserve Fund demand note requirements were \$2,142,094 (2024 - \$1,775,256). In addition, cash deposits totaling \$1,054,361 (2024 - \$907,349) were held by the MFA.

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

14. Budget

The Financial Plan (Budget) Bylaw No. 2024-40 adopted by Council on December 17, 2024 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget figures anticipated use of reserves accumulated in previous years to reduce current year expenditures in excess of current year revenues to Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Consolidated Statements of Operations and change in Consolidated Net Financial Assets represent the Financial Plan adopted by Council with adjustments as follows:

	<u>2025</u>
Financial Plan (Budget) Bylaw Surplus for the Year	\$ -
Add:	
Transfer to Funds/Reserves	38,840,450
Debt Principal Repayments	2,100,119
Budgeted Capital Expenditures - General	14,413,318
Budgeted Capital Expenditures - Electric	7,049,000
Budgeted Capital Expenditures - Sewer	3,541,300
Budgeted Capital Expenditures - Water	5,309,285
Less:	
Budgeted Transfers from Surplus	<u>56,873,828</u>
Budget Surplus per Consolidated Statement of Operations	<u><u>\$ 14,379,644</u></u>

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

15. Taxation

	<u>Budget</u>	<u>2025</u>	<u>2024</u>
Municipal Taxation			
Real Property	\$ 50,024,506	\$ 49,863,304	\$ 45,664,933
Special Assessments	87,230	87,228	87,228
Grants in Lieu	690,000	671,368	623,198
Total municipal taxation	<u>50,801,736</u>	<u>50,621,900</u>	<u>46,375,359</u>
Collections For other Governments			
School	21,006,098	21,965,146	20,895,033
Regional District	2,918,800	3,140,109	2,936,138
Regional Hospital	2,830,520	3,198,562	2,815,785
BC Assessment Authority	565,730	590,187	564,378
Total Collections for Other Taxing Authorities	<u>27,321,148</u>	<u>28,894,004</u>	<u>27,211,334</u>
Transfers to Other Governments	(27,321,148)	(28,892,078)	(27,210,187)
Supplemental Taxation Recovered (Remitted)	-	(1,926)	(1,147)
Net Taxation for Municipal Purposes	<u>\$ 50,801,736</u>	<u>\$ 50,621,900</u>	<u>\$ 46,375,359</u>

16. Transfers From Other Governments

	<u>2025</u>	<u>2024</u>
Community Building Fund (Gas Tax)	\$ 1,742,928	\$ 1,742,928
Capital Grants	4,465,662	8,560,985
Traffic Fine Revenue Sharing	394,000	377,000
Okanagan Basin Water Board Grants	218,719	173,697
Local Government Climate Action Program	-	554,023
Building Safer Communities	464,149	259,070
Library	242,057	227,225
Miscellaneous	400,209	646,052
	<u>\$ 7,927,724</u>	<u>\$ 12,540,980</u>

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025**

17. Other Revenue

Includes various revenue sources earned as part of normal business operations not reported elsewhere such as: investment income, Municipal and Regional District Tax Program income, gaming income, interest, penalties, licensing, rental income, non-government grants and donations.

18. Expenses by Object

	2025	2024
Salaries and Benefits	\$ 46,192,959	\$ 41,965,020
Goods and Services	71,766,794	64,199,302
Interest	2,389,656	2,111,111
Amortization	17,287,193	17,083,341
Accretion	140,743	457,816
Other Expenses	2,834,299	3,163,329
Vehicle & Equipment Maintenance	5,922,924	5,709,919
Policing Agreement	10,779,281	10,925,727
	<u>\$ 157,313,849</u>	<u>\$ 145,615,565</u>

19. Penticton Public Library

The establishment of a municipal public library in the City of Penticton Bylaw 2639 was passed December 8, 1969. The Bylaw indicates that the City exercises control over the Penticton Public Library and is required to fund its operations as per the Library Act. The Penticton Public Library assets as managed by the Library Board are recorded as assets of the City. The operations of the Penticton Public Library have been wholly consolidated by the City.

20. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

21. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in an asset in the future. The City's contractual rights arise because of contracts entered into for long-term land leases that grant rights to the City, upon termination of the lease, to any building(s) the tenant has constructed on the land. The following listing outlines the nature, amount, and timing for each of the City's contractual rights to future assets:

The Penticton Golf & Country Club

The Lease Agreement between The City of Penticton and The Penticton Golf & Country Club dated July 1, 2007, will result in the City gaining control of the Golf Clubhouse Building upon expiry of the lease. The Lease Agreement grants the right of ownership of the Golf Clubhouse Building to the City. This is a 26 year, 4 month Lease, due to expire in 2033.

Art Gallery of the South Okanagan (Inc. 9986)

The Lease Agreement between The City of Penticton and the Art Gallery of the South Okanagan (Inc. 9986) dated October 1, 1999, will result in the City gaining control of the Art Gallery Building upon expiry of the lease. The Lease Agreement grants the right of ownership of the Art Gallery Building to the City. The 5 year Lease expired in 2025 and the parties are currently working toward a further 5 year renewal.

Penticton Seniors' Drop-in Centre Society

The Lease Agreement between The City of Penticton and the Penticton Seniors' Drop-in Centre Society dated May 31, 2019, will result in the City gaining control of the Drop-In Centre Building upon expiry of the lease. The Lease Agreement grants the right of ownership of the Drop-In Centre Building to the City. This is a 20 year Lease, due to expire in 2039.

Gateway Casinos & Entertainment Limited

The Lease Agreement between The City of Penticton and Gateway Casinos & Entertainment Limited dated May 4, 2016, will result in the City gaining control of the Casino Building upon expiry of the lease. The Lease Agreement grants the right of ownership of the Casino Building to the City. This is a 20 year Lease, due to expire in 2036 with two 10-year extension options.

One Sky Community Resources Society

The Lease Agreement between the City of Penticton and One Sky Community Resources Society dated October 1, 2021, will result in the City gaining control of the Daycare Building upon expiry of the lease. The Lease Agreement grants the right of ownership of the Daycare Building to the City. This is a 60 year Lease, due to expire in 2081.

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

22. Financial Instruments

Financial Instrument Risk Management

The City is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the City's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

There have not been any changes from the prior year in the City's exposure to above risks or the policies, procedures and methods it uses to manage and measure the risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The City is exposed to credit risk through its cash, accounts receivable, and portfolio investments.

The City manages its credit risk by selecting only investments that ensure preservation of capital and leveraging portfolio diversification. The City measures its exposure to credit risk based on portfolio constraints, credit ratings and exposure to asset classes. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as outlined in Notes 1 and 2. Accounts receivable arise primarily as a result of taxation, utilities, and grants receivable. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The City manages exposure to credit risk for portfolio investments by ensuring adequate diversification, including maintaining investments in the Municipal Finance Authority, which meets the investment requirements of Section 183 of the Community Charter of the Province of BC. As a result, the Municipality has reduced exposure to market or value risk.

Liquidity Risk

Liquidity risk is the risk that the City will encounter difficulty in meeting obligations associated with financial liabilities. The City is exposed to liquidity risk through its accounts payable and accrued liabilities, long-term debt, and investments.

The City manages this risk by selecting maturity dates that correspond to cash flow requirements. Also to help manage the risk, the City has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The City's five-year financial plan is approved by the Mayor and Council, which includes operational activities and capital investments. The City measures its exposure to liquidity risk based on financial forecasting and extensive budgeting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City is exposed to interest rate risk through its long-term debt and the value of portfolio investments.

The City manages interest rate risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 9 for interest rates and maturity dates for long term debt.

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

23. Cemetery Perpetual Trust Fund

The Cemetery Trust fund is established in accordance with the Cremation, Interment, and Funeral Services Act, to upkeep the cemetery grounds/facilities upon closure of the cemetery. As per legislation, current interest income earned on the Reserve balance may be used to offset cemetery operating and capital expenditures. Annual cemetery operating and capital expenditures are approved by Council through the annual budgeting process. The trust fund assets and liabilities are not included in the consolidated financial statements. At December 31, 2025, the balance of funds held in trust was \$1,472,417 (2024 - \$1,373,225).

24. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and electricity. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services

General Government operations are primarily funded by property taxation. This segment includes all of the revenues and expenses that relate to the operations of the City itself and cannot be directly attributed to one of the other specific segments including administration, financial services, human resources, information technology, and revenue and collections.

Protective Services

Protection is comprised of police services, fire protection, bylaw services, dog control and building and licensing services. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education.

Transportation Services

Transportation is responsible for the delivery of municipal public works services related to the City's public transit services, roads and maintenance, bridges, drainage systems, public works, street lighting and traffic control.

Environmental Health Services

Environmental services consists of providing waste disposal to citizens.

Public Health and Safety

Health services are comprised of public health services; this segment includes the operation of the City's Cemeteries.

Environmental Development Services

This segment includes city planning, land management, economic development and ensures all property development and land use is in line with City Bylaw's and policies and is in the best interest of the community.

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

24. Segmented Information continued

Recreation and Culture

This segment provides services meant to improve health and development of the City's citizens. Recreational programs and cultural programs like swimming and skating lessons are provided at the arenas, the aquatic centre and the community centre. Also, the City provides library services to assist with its citizens' informational needs and a museum that houses collections and artifacts. The segment also includes parks, land administration and the City's net contribution to the operations of the South Okanagan Events Centre.

Electrical Utility

The electrical supply system is responsible for distribution of electricity to the City's citizens and businesses. This segment includes all of the operating activities related to the supply of the City's electricity.

Sewer Utility

The City's sanitary sewer system collects, conveys and treats and disposes of domestic and industrial wastewater. This segment includes all of the operating activities related to the collection and treatment of wastewater (sewage) throughout the City.

Water Utility

The water utility is responsible for planning, designing, building and operating and maintaining the City's water system and includes all of the operating activities related to the treatment and distribution of water throughout the City.

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2025

THE CITY OF PENTICTON
SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2025

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Utility	Sewer Utility	Water Utility	2025 Total
REVENUE											
Taxation	\$ 50,621,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,621,900
Sales of Services	1,012,023	3,790,277	2,841,293	3,282,919	630,181	474,872	2,964,573	48,881,931	10,821,503	11,794,736	86,494,308
Government Grants and Transfers	2,177,019	242,136	985,906	-	-	502,770	3,654,863	-	218,719	146,311	7,927,724
Other Revenue	11,706,153	1,898,390	983	-	-	1,138,840	692,408	8,148	-	-	15,444,922
Other Contributions	268,487	-	1,058,782	-	-	-	22,875	924,394	1,467,602	3,250,987	6,993,127
Gain (Loss) on Disposal	(32,195)	-	-	-	-	-	-	-	-	-	(32,195)
Contributed Asset	1,456,000	-	-	-	-	-	-	-	-	-	1,456,000
	<u>67,209,387</u>	<u>5,930,803</u>	<u>4,886,964</u>	<u>3,282,919</u>	<u>630,181</u>	<u>2,116,482</u>	<u>7,334,719</u>	<u>49,814,473</u>	<u>12,507,824</u>	<u>15,192,034</u>	<u>168,905,786</u>
EXPENDITURE											
Salaries and Benefits	7,533,586	15,654,001	3,064,200	199,071	28,829	2,207,272	8,887,911	3,095,560	2,667,351	2,855,178	46,192,959
Goods and Services	5,913,857	1,724,672	5,363,685	2,283,093	297,942	2,053,481	7,756,895	40,554,960	2,727,727	3,090,482	71,766,794
Interest	223,184	-	31,797	-	107,500	-	458,161	-	792,159	776,855	2,389,656
Amortization	10,071,824	-	3,007,990	-	-	-	-	2,063,256	1,093,121	1,051,002	17,287,193
Accretion	140,743	-	-	-	-	-	-	-	-	-	140,743
Other Expenses	1,138,768	104,857	38,389	560	-	1,367,090	42,353	79,765	8,044	54,473	2,834,299
Vehicle & Equipment Maintenance	651,145	733,840	2,285,912	8,794	1,306	48	598,155	332,880	766,983	543,861	5,922,924
Policing Agreement	-	10,779,281	-	-	-	-	-	-	-	-	10,779,281
	<u>25,673,107</u>	<u>28,996,651</u>	<u>13,791,973</u>	<u>2,491,518</u>	<u>435,577</u>	<u>5,627,891</u>	<u>17,743,475</u>	<u>46,126,421</u>	<u>8,055,385</u>	<u>8,371,851</u>	<u>157,313,849</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 41,536,280</u>	<u>\$ (23,065,848)</u>	<u>\$ (8,905,009)</u>	<u>\$ 791,401</u>	<u>\$ 194,604</u>	<u>\$ (3,511,409)</u>	<u>\$ (10,408,756)</u>	<u>\$ 3,688,052</u>	<u>\$ 4,452,439</u>	<u>\$ 6,820,183</u>	<u>\$ 11,591,937</u>

THE CITY OF PENTICTON
SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2024

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Utility	Sewer Utility	Water Utility	2024 Total
REVENUE											
Taxation	\$ 46,375,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,375,359
Sales of Services	1,879,684	3,395,221	2,358,202	3,117,034	562,254	295,020	2,756,800	45,913,649	9,533,595	10,970,737	80,782,196
Government Grants and Transfers	2,211,252	165,982	855,243	-	-	847,420	1,144,930	19,880	173,697	7,122,576	12,540,980
Other Revenue	12,622,817	2,092,632	136	-	-	1,338,507	221,551	9,675	-	-	16,285,318
Other Contributions	426,710	51,261	1,442,298	-	-	-	81,004	1,271,707	1,530,602	1,389,372	6,192,954
Gain (Loss) on Disposal	-	-	-	-	-	-	24,190	-	-	-	24,190
	<u>63,515,822</u>	<u>5,705,096</u>	<u>4,655,879</u>	<u>3,117,034</u>	<u>562,254</u>	<u>2,480,947</u>	<u>4,228,475</u>	<u>47,214,911</u>	<u>11,237,894</u>	<u>19,482,685</u>	<u>162,200,997</u>
EXPENDITURE											
Salaries and Benefits	6,202,320	15,400,471	2,704,062	156,836	30,133	2,021,388	8,205,789	2,683,775	2,135,706	2,424,540	41,965,020
Goods and Services	4,865,078	1,497,862	4,523,286	1,990,907	322,251	1,756,145	6,242,790	38,277,219	2,022,471	2,701,293	64,199,302
Interest	290,010	-	44,794	-	107,500	-	422,109	-	699,993	546,705	2,111,111
Amortization	10,026,866	-	3,226,439	-	-	-	-	2,047,518	1,072,765	709,753	17,083,341
Accretion	457,816	-	-	-	-	-	-	-	-	-	457,816
Other Expenses	1,646,281	102,518	18,216	320	-	1,238,468	65,513	37,776	3,146	51,091	3,163,329
Vehicle & Equipment Maintenance	569,356	659,217	2,351,559	7,864	1,368	56	661,420	258,120	711,735	489,224	5,709,919
Policing Agreement	-	10,925,727	-	-	-	-	-	-	-	-	10,925,727
	<u>24,057,727</u>	<u>28,585,795</u>	<u>12,868,356</u>	<u>2,155,927</u>	<u>461,252</u>	<u>5,016,057</u>	<u>15,597,621</u>	<u>43,304,408</u>	<u>6,645,816</u>	<u>6,922,606</u>	<u>145,615,565</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 39,458,095</u>	<u>\$(22,880,699)</u>	<u>\$ (8,212,477)</u>	<u>\$ 961,107</u>	<u>\$ 101,002</u>	<u>\$ (2,535,110)</u>	<u>\$ (11,369,146)</u>	<u>\$ 3,910,503</u>	<u>\$4,592,078</u>	<u>\$ 12,560,079</u>	<u>\$ 16,585,432</u>

THE CITY OF PENTICTON
GENERAL REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	2025 Budget	2025	2024
Revenue			
Taxation	\$ 50,801,736	\$ 50,621,900	\$ 46,375,359
Sales of Services	21,408,426	21,873,089	20,875,687
Government Grants and Transfers	3,460,990	3,243,343	3,878,661
Transfer From Other Funds/Reserves	2,862,837	8,407,429	7,699,243
Other Revenue	11,297,382	15,300,225	16,275,642
Other Contributions	268,487	1,350,144	2,001,276
Sale of Assets	30,000	(32,194)	24,190
Collections for Other Governments	27,321,148	28,894,004	27,211,334
	<u>117,451,006</u>	<u>129,657,940</u>	<u>124,341,392</u>
Expenditure			
Salaries and Benefits	35,441,148	38,183,806	35,278,118
Goods and Services	23,259,003	27,793,329	23,541,116
Interest	512,783	820,643	864,413
Principal Payments	861,847	861,847	949,378
Other Expenses	2,663,050	2,692,016	3,071,315
Vehicle & Equipment Maintenance	3,721,524	4,279,199	4,250,840
Policing Agreement	12,585,000	10,779,281	10,925,727
Transfer to Other Funds/Reserves	11,085,503	15,456,480	17,688,800
Transfers to Other Governments	27,321,148	28,892,078	27,210,187
	<u>117,451,006</u>	<u>129,758,679</u>	<u>123,779,894</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(100,739)</u>	<u>561,498</u>
CHANGE IN FUND BALANCES	-	(100,739)	561,498
FUND BALANCES, BEGINNING OF YEAR	10,892,792	10,892,792	10,331,294
FUND BALANCES, END OF YEAR	<u>\$ 10,892,792</u>	<u>\$ 10,792,053</u>	<u>\$ 10,892,792</u>

THE CITY OF PENTICTON
RESERVE FUNDS
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	<u>2025</u>	<u>2024</u>
Balance, Beginning of Year	\$ 65,556,891	\$ 64,691,940
Add		
Transfers from:		
Revenue Funds	28,477,425	21,795,456
Interest Earned	1,907,931	3,292,715
Deduct		
Transfers to:		
Capital Funds	22,657,842	24,163,389
Revenue Funds	99,597	59,831
	<u>\$ 73,184,808</u>	<u>\$ 65,556,891</u>
 STATUTORY RESERVE FUND BALANCES		
Affordable Housing Reserve	212,785	274,483
Alternative Transportation Reserve	256,584	248,603
Asset Sustainability Reserve	11,864,273	11,180,532
Capital Reserve	3,133,821	1,235,306
Community Works Reserve	2,555,005	2,762,362
Electric Capital Reserve	11,899,424	9,291,897
Equipment Replacement Reserve	8,163,045	7,567,128
Growing Communities Reserve	5,073,589	6,455,377
Land Acquisition Reserve	255,250	742,963
Local Improvement Reserve	1,497,495	1,437,478
Off-Street Parking Reserve	134,252	130,074
Parkland Acquisition Reserve	365,228	283,482
Public Amenity Reserve	94,642	132,643
Sewer Capital Reserve	12,807,883	9,840,717
Tax Sale Lands Reserve	9,428	9,135
Water Capital Reserve	14,862,104	13,964,711
Balance, End of Year	<u>\$ 73,184,808</u>	<u>\$ 65,556,891</u>

THE CITY OF PENTICTON
RESERVE FUNDS
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	Balance, Beginning of Year	Transfers In	Interest Earned	Transfers Out	2025 Total
Reserve					
Affordable Housing	\$ 274,483	\$ -	\$ 7,698	\$ (69,397)	\$ 212,784
Alternate Transportation	248,603	-	7,980	-	256,583
Asset Sustainability	11,180,532	2,427,516	364,026	(2,107,799)	11,864,275
Capital	1,235,306	1,895,225	39,079	(35,789)	3,133,821
Community Works	2,762,362	1,742,928	83,996	(2,034,283)	2,555,003
Electric Capital	9,291,897	8,360,000	277,177	(6,029,649)	11,899,425
Equipment Replacement	7,567,128	1,302,602	248,481	(955,166)	8,163,045
Growing Communities	6,455,377	-	182,117	(1,563,905)	5,073,589
Land Acquisition	742,963	-	15,768	(503,479)	255,252
Local Improvement	1,437,478	13,654	46,362	-	1,497,494
Off-Street Parking	130,074	-	4,175	-	134,249
Parkland Acquisition	283,482	71,500	10,247	-	365,229
Public Amenity	132,643	-	3,590	(41,590)	94,643
Sewer Capital	9,840,717	6,314,000	232,577	(3,579,411)	12,807,883
Tax Sale Lands	9,135	-	293	-	9,428
Water Capital	13,964,711	6,350,000	384,365	(5,836,971)	14,862,105
	<u>\$ 65,556,891</u>	<u>\$ 28,477,425</u>	<u>\$ 1,907,931</u>	<u>\$ (22,757,439)</u>	<u>\$ 73,184,808</u>

THE CITY OF PENTICTON
RESERVES
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	Balance, Beginning of Year	Transfers In	Transfers Out	Interest	Inter-fund (Borrowing)/ Repayment	2025 Total
Non-Statutory						
Asset Emergency	\$ 2,596,804	\$ 22,875	\$ (851,168)	\$ -	\$ -	\$ 1,768,511
Cemetery Land	133,000	-	-	-	-	133,000
Climate Action	642,349	-	(325,097)	-	-	317,252
Election	75,000	37,500	-	-	-	112,500
Electric Surplus	9,692,994	-	(5,370,322)	-	665,000	4,987,672
Financial Stabilization	3,244,432	-	(370,013)	-	-	2,874,419
Gaming	1,361,824	1,445,800	(1,609,823)	-	-	1,197,801
General Surplus	10,892,792	-	(100,739)	-	-	10,792,053
Marinas	546,542	63,759	(65,000)	-	-	545,301
Multi-Material BC	1,951,908	641,539	(429,000)	-	-	2,164,447
Online Accommodation Platform	641,941	258,007	-	-	-	899,948
Parking & Revitalization	51,765	-	-	-	-	51,765
RCMP	1,059,662	-	-	-	-	1,059,662
Sewer Equipment Replacement	350,000	76,115	(76,115)	-	-	350,000
Sewer Surplus	4,865,865	-	(1,625,197)	-	-	3,240,668
Storm Water	1,219,619	1,049,492	(257,508)	-	-	2,011,603
Urban Forest	13,750	-	-	-	-	13,750
Water Surplus	3,191,303	771,787	-	-	-	3,963,090
West Bench Capital	1,185,185	-	-	-	-	1,185,185
West Bench Water	1,096,704	-	(78,336)	-	-	1,018,368
	44,813,439	4,366,874	(11,158,318)	-	665,000	38,686,995
Statutory	65,556,891	28,477,425	(22,757,439)	1,907,931	-	73,184,808
DCC	18,268,378	3,525,821	(4,956,997)	563,445	-	17,400,647
	<u>\$ 128,638,708</u>	<u>\$ 36,370,120</u>	<u>\$ (38,872,754)</u>	<u>\$ 2,471,376</u>	<u>\$ 665,000</u>	<u>\$ 129,272,450</u>

* Inter-fund borrowing to be repaid by general fund (2024-2034)

THE CITY OF PENTICTON
RESERVE
GROWING COMMUNITIES RESERVE FUND
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	2025	2024
GROWING COMMUNITIES RESERVE FUND		
Balance, Beginning of Year	\$ 6,455,377	\$ 7,276,715
Interest	182,117	316,964
Deduct Eligible Costs:		
Arena Feasibility Study	30,200	29,860
Baseball Diamonds	116,058	-
City Hall Elevator Refurbishment	-	92,096
Cleland Theatre Lighting	200,000	-
Decorative Seasonal Lighting	113,955	72,714
Engineering Intersection Design	30,035	44,706
Fire Hall 2 - Garage	-	246,500
Hallway Flooring - SOEC	28,860	-
Kiwanis Walking Pier	34,018	58,445
Lake to Lake	75,071	-
Lawn Bowling Club House	34,430	-
Leir House	78,605	-
Safety Village	68,822	-
Skaha Pickleball Courts	130,326	-
Skaha Splash Pad	595,525	-
Skate & Basketball Court Lighting	-	400,000
Soccer Facility - Roof	28,000	193,981
	<u>1,563,905</u>	<u>1,138,302</u>
Balance, End of Year	<u>\$ 5,073,589</u>	<u>\$ 6,455,377</u>

THE CITY OF PENTICTON
SEWER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	2025 Budget	2025	2024
Revenue			
Sales of Services	\$ 10,960,090	\$ 10,925,503	\$ 9,637,595
Government Grants and Transfers	152,338	218,719	173,697
Other Contributions	1,258,132	1,467,602	1,530,602
Transfer From Other Funds/Reserves	651,653	6,302,771	2,746,960
	<u>13,022,213</u>	<u>18,914,595</u>	<u>14,088,854</u>
Expenditure			
Salaries and Benefits	2,647,012	2,667,352	2,135,707
Goods and Services	2,811,871	4,009,321	3,153,416
Interest	800,600	792,159	699,993
Principal Payments	651,653	651,653	651,653
Other Expenses	-	8,044	3,146
Vehicle & Equipment Maintenance	880,204	766,983	711,735
Transfer to Other Funds/Reserves	5,230,873	11,644,280	5,403,673
	<u>13,022,213</u>	<u>20,539,792</u>	<u>12,759,323</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(1,625,197)</u>	<u>1,329,531</u>
CHANGE IN FUND BALANCES	-	(1,625,197)	1,329,531
FUND BALANCES, BEGINNING OF YEAR	4,865,865	4,865,865	3,536,334
FUND BALANCES, END OF YEAR	<u>\$ 4,865,865</u>	<u>\$ 3,240,668</u>	<u>\$ 4,865,865</u>

THE CITY OF PENTICTON
WATER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	2025 Budget	2025	2024
Revenue			
Sales of Services	\$ 11,550,739	\$ 11,855,736	\$ 11,029,737
Transfer From Other Funds/Reserves	1,309,699	5,410,787	4,334,784
Other Contributions	609,621	3,250,987	1,389,372
	<u>13,470,059</u>	<u>20,517,510</u>	<u>16,753,893</u>
Expenditure			
Salaries and Benefits	2,518,077	2,855,177	2,424,539
Goods and Services	3,411,655	4,345,863	3,889,139
Interest	708,051	776,855	546,705
Principal Payments	586,619	586,619	586,619
Other Expenses	32,700	54,473	51,091
Vehicle & Equipment Maintenance	449,576	543,861	489,224
Transfer to Other Funds/Reserves	5,763,381	10,582,875	10,935,809
	<u>13,470,059</u>	<u>19,745,723</u>	<u>18,923,126</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>771,787</u>	<u>(2,169,233)</u>
CHANGE IN FUND BALANCES	-	771,787	(2,169,233)
FUND BALANCES, BEGINNING OF YEAR	3,191,303	3,191,303	5,360,536
FUND BALANCES, END OF YEAR	<u>\$ 3,191,303</u>	<u>\$ 3,963,090</u>	<u>\$ 3,191,303</u>

THE CITY OF PENTICTON
ELECTRIC REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	2025 Budget	2025	2024
Revenue			
Sales of Services	\$ 51,973,395	\$ 49,116,129	\$ 46,134,756
Government Grants and Transfers	-	-	19,880
Other Revenue	10,930	8,148	9,675
Other Contributions	-	924,394	1,271,707
Transfer From Other Funds/Reserves	4,008,683	7,310,756	8,024,276
	<u>55,993,008</u>	<u>57,359,427</u>	<u>55,460,294</u>
Expenditure			
Salaries and Benefits	2,309,627	3,095,560	2,683,775
Goods and Services	40,533,751	42,285,494	39,954,092
Other Expenses	58,500	79,765	37,776
Vehicle & Equipment Maintenance	287,030	332,880	258,120
Transfer to Other Funds/Reserves	12,804,100	16,936,050	15,361,715
	<u>55,993,008</u>	<u>62,729,749</u>	<u>58,295,478</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(5,370,322)</u>	<u>(2,835,184)</u>
CHANGE IN FUND BALANCES	-	(5,370,322)	(2,835,184)
FUND BALANCES, BEGINNING OF YEAR	15,454,666	15,454,666	18,289,850
FUND BALANCES, END OF YEAR	<u>\$ 15,454,666</u>	<u>\$ 10,084,344</u>	<u>\$ 15,454,666</u>

THE CITY OF PENTICTON
 STORM WATER
 STATEMENT OF REVENUE AND EXPENDITURE
 YEAR ENDED DECEMBER 31, 2025
 (UNAUDITED)

	2025 Budget	2025	2024
REVENUE			
Sales of Services	\$ 1,964,700	\$ 1,998,147	\$ 1,511,321
EXPENDITURE			
Salaries and Benefits	341,340	355,965	282,823
Goods and Services	248,425	225,047	155,290
Vehicle & Equipment Maintenance	46,500	28,135	31,440
Transfer to Other Funds/Reserves	1,328,435	339,508	414,417
	<u>1,964,700</u>	<u>948,655</u>	<u>883,970</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 1,049,492</u>	<u>\$ 627,351</u>

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2025

THE CITY OF PENTICTON
 CEMETERY PERPETUAL TRUST FUND
 YEAR ENDED DECEMBER 31, 2025
 (UNAUDITED)

	<u>2025</u>	<u>2024</u>
ASSETS		
Bank Term Deposits	\$ 1,324,892	\$ 1,255,822
Add:		
Due From General Revenue Fund	147,525	117,403
	<u>\$ 1,472,417</u>	<u>\$ 1,373,225</u>
SURPLUS		
Balance, Beginning of Year	\$ 1,373,225	\$ 1,279,463
Add:		
Care Fund Contributions	60,101	58,103
Interest Earned	69,091	65,659
	<u>129,192</u>	<u>123,762</u>
Deduct:		
Cemetery Maintenance	30,000	30,000
Balance, End of Year	<u>\$ 1,472,417</u>	<u>\$ 1,373,225</u>

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2026



Council Report

pentiction.ca

Date: May 5, 2026
To: Anthony Haddad, City Manager
From: Kelsey Johnson, General Manager of Community Services

Subject: **Track & Field Facility – Project Partnership**

Staff Recommendation

THAT Council direct staff to continue to collaborate with School District #67 on the track and field facility renewal project;

AND THAT Council direct staff to return with a report that outlines defined project scope, construction timing, funding sources and financial contribution options & implications for Council's consideration.

Strategic priority objective

Livable & Accessible: The City of Penticton will proactively plan for deliberate growth, focusing on creating an inclusive, healthy, and vibrant community.

Background

Council will receive a presentation from representatives of School District 67 (SD67) during the Committee of the Whole portion of the council meeting on May 5th, regarding the renewal of the track and field facility. This report is provided to offer broader context following that presentation.

Penticton's Track & Field Facility is a School District 67 (SD67) asset located on school property at Penticton Secondary that is made available to the broader community through a long-standing Joint-Use Agreement with the City of Penticton. The current facility was constructed in 1994 through a partnership with the school district and Penticton Downtown Rotary Club with the City contributing \$200,000 towards the ~\$1.4M project.

Shortly after award of the 2028 BC Summer Games in June 2024, City staff worked closely with both SD67 and the BC Games Society to conduct a preliminary assessment of sport venues in our community to inform the development of the 2028 BC Summer Games sport package. As part of the preliminary assessment, the track and field facilities were identified as being in poor condition and at end of life.

Following the preliminary assessment, the City, in partnership with SD67, engaged NAK Design Strategies to complete a Pre-Design Report to provide an initial analysis and cost estimate for a track and field facility in Penticton.

Various scenarios were assessed, including:

- Minor renovation to existing facility to meet World Athletics standards
- Major upgrade to existing facilities with natural turf infield
- Major upgrade to existing facilities with artificial turf infield and construction of new throwing facility
- New facility at the McNiccol Park Site
 - Note: This option was ruled out for further exploration after test fit.

The Pre-Design cost analysis for the various scope options estimated the project budget would be between \$1.5M to \$5.1M. This range reflects key variables considered at the pre-design stage, including different remedy options, the choice between natural or artificial turf, and the potential inclusion of additional amenities such as a storage building, scoreboard, and spectator seating. While the pre-design report does not establish a final project budget, it does provide valuable order-of-magnitude cost information to support informed discussion around a realistic project scope and the establishment of achievable project objectives.

SD67, as owner of the asset, is now leading the track and field renewal project including advancing preliminary planning, exploring funding and partnership opportunities and coordination of the eventual construction project. The City's interest in close partnership with SD67 reflects the facility's long-standing role as a shared-use community asset and the City's capacity to support stakeholder engagement, long-term recreation planning, advocacy and funding efforts that enhance overall community benefits. This collaborative approach is evidenced by the recent lighting upgrades to the facility, delivered jointly by the City and SD67, to extend hours of use, improve safety and maximize the value of the asset for both school and community users.

Although the pre-design information is helpful in understanding the scale and scope of a potential single project, it is important for City staff and Council to consider this information within the broader context of the City's overall sport and recreation infrastructure needs.

Through 2024 and 2025, the City conducted a comprehensive Sports & Recreation Needs Assessment (SRNA) to better understand current and future recreation demands and to guide strategic investment in sport and recreation infrastructure. Following the completion of the study, Council directed staff to provide a report on specific community project opportunities that were aligned with the findings in consideration of the funding available through the Growing Communities Fund. Staff presented the Growing Communities Fund – Community Projects Report to Council at their Regular Meeting on September 16, 2025. The report outlined a list of known community recreation amenity projects, identified by both staff and community groups. Projects were listed in order by the SRNA amenity priority ranking and all projects that are still unfunded are outlined in the chart below.

Project	SRNA Rank	Description	New/ Replace	Est. Cost
KVR Trail Strategy - Actions	1	Implementation of the KVR Strategy Recommendations. Anticipate recommendations in 2026.	New/Replace	TBD
Trail Connection	1	Downtown Connection through Penticton Creek Corridor to Campbell Mountain. Construction design completed in 2023. Project currently unfunded.	New	\$250k

Ellis Creek Trail	1	Completing the gap in the Ellis Creek Trail (from Main Street to Fairview) as noted as a high priority in the Master Transportation Plan	New	TBD
Esplanade Plan - Actions	1, 18	Implementation of the Esplanade Plan recommendations. Anticipate final report will be delivered in 2026.	New/Replace	TBD
Twin Rinks – Arena Replacement Project	2	Civic Places & Spaces Priority #2 - Replace Memorial & McLaren. Preliminary design proposed for 2026.	Replace	\$70M
Lions Park Master Plan - Implementation	5,9,20	Master plan proposed to be completed in 2026, recommended implementation actions to follow.	New	TBD
Penticton High School Track & Field Facility	5,11,13	Existing facility end of life / SD67 property & asset - community use through joint-use agreement <i>NOTE: does not qualify for Growing Communities Fund or City capital as it is not a city-owned asset.</i>	Replace	\$1.5M - \$5.1M
McNiccol Field Amenity Upgrades	5	Clubhouse with washrooms, storage, potable water for rectangle field users (i.e. football & rugby). No scope for project.	New	TBD
Bambino Field Relocation	9	Relocate Bambino Field.	Replace	\$2M
Wheelchair Accessible Disc Golf Course	10	Request from local association - Penticton Disc Golf Club. No scope for project.	New	TBD
Disc Golf Course at Campbell Mtn	10	Request from local association - Penticton Disc Golf Club. No scope for project.	New	TBD
Artificial Turf	13	SRNA recommends outdoor artificial turf to add to inventory & extend seasons/usability. Opportunity identified with Pen Hi Track & Field Facility. No scope identified for City-owned property.	New	TBD
Indoor Climbing Wall	15	Request from community group - no amenity available. No scope for project.	New	TBD
Beach Volleyball Courts	17	Request from community group - courts for prime-time public access (not for league booking)	New	TBD
Penticton Tennis Club Court Upgrades	18	Resurface existing courts (4), adjust or replace lighting, add washroom facilities <i>NOTE: Not recommended to proceed until the results of the Esplanade Master Plan are determined.</i>	Replace	\$290k* (courts only)
Outdoor Lacrosse Box	18	Request from PMLA - cover Skaha Box, upgrades to surface, add players benches. <i>Note: Demand is for dry floor space and this may be achieved through the Twin Rinks – Arena Replacement Project.</i>	New	\$1.5M
Skaha Park East - Boathouse Replacement	21	Recommendation from the Skaha East Master Plan. SRNA identified need. Existing facility is end of life. Project is currently on the unfunded capital list.	Replace	\$1M

While these projects are shown in order of the priority ranking, staff evaluate each individual project based on eligibility for funding, new or renewal of infrastructure, SRNA recommended strategies and project specific considerations & context.

Financial implication

At this time, a financial contribution towards the project is not being recommended.

The facility is owned by SD67 and, as such, the City cannot contribute funding from the available Growing Communities Fund or any capital reserve. Any financial contribution from the City towards the project would be provided through the operating budget with likely impacts on taxation.

Staff are recommending that a subsequent report be brought back to Council that outlines the defined project scope, construction timing, funding sources and financial contribution options for Council's consideration.

Analysis

The renewal of the track and field facility aligns with the City's broader sport and recreation objectives, particularly in relation to supporting active living, youth sport, and inclusive access to recreational opportunities. The facility functions as a key shared-use asset, providing capacity for school programming, local sport organizations, and regional competition, and helps alleviate pressure on City-owned outdoor sport fields.

At the same time, Council's consideration of a potential funding contribution for this project must occur within the context of the competing sport and recreation infrastructure demands across the City. While the track and field facility has been identified within the SRNA under multiple priority categories and is recognized as an important component of the community's overall sport system, it is also distinct from many other projects in that it is owned by the school district which limits the City's available funding sources that can be used towards this project.

At this stage, staff do not recommend the allocation of City funding, however, staff are committed to continued collaboration with SD67 to help develop an appropriate project scope that would best serve the community's interests and engage in discussions that could support fundraising, grant funding opportunities, and potential partnership models that will be brought back for Council's consideration at a future date.

Respectfully submitted,

Kelsey Johnson
GM of Community Services

Concurrence

GM of Corporate Services <i>AMC</i>	GM of Infrastructure <i>RD</i>	City Manager <i>SB</i>
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Council Report

penticton.ca

Date: May 5, 2026
To: Anthony Haddad, City Manager
From: David Best, Utilities Manager
Subject: 2026 Water Outlook and Water Restriction Awareness

Staff Recommendation

THAT Council receive into the record the report dated May 5, 2026 titled "2026 Water Outlook and Water Restriction Awareness".

Strategic priority objective

Vision: Penticton is a connected, resilient and healthy waterfront city focused on safety, livability and vibrancy.

Mission: Penticton will serve its residents, businesses and visitors through organizational excellence, partnership and the provision of effective and community focused services.

Safe & Resilient: The City of Penticton will enhance and protect the safety of all residents and visitors to Penticton.

Background

As noted in the first issuance of the Okanagan Basin Water Board Drought Bulletin (attachment A), the Okanagan has been in some form of drought condition since the fall of 2022, and it is likely that this will continue in to summer 2026.

The Okanagan snow basin index measured approximately 58% of normal as of April 1, 2026. This is the lowest value recorded for this date since snow surveys began in 1980. Early melt means less sustained runoff later in the spring and summer.

Precipitation across the South Okanagan during the 2025–2026 winter season has been significantly below normal, particularly in Penticton. As of April 29, 2026, Penticton recorded approximately 18.2 mm of total precipitation for the year to date. The historical average based on the readings from 1907 until the end of 2025, for the same period, is more than 75 mm. This places current precipitation totals at 24% of normal and among the lowest on record for this point in the year.

While some regions of British Columbia experienced near-normal snowfall early in the winter, the Okanagan saw extended dry periods, warmer temperatures, and rapid snowpack losses. The low precipitation totals have contributed directly to reduced snowpack, lower soil moisture, and early drought indicators.

As of mid-April 2026, Okanagan Lake is approximately 341.6 to 341.65 m above sea level. Full pool is 342.48 m. Based on historical lake level averages, the lake would normally be closer to approximately 341.75 to 341.80 m at this time of year. Current lake levels are therefore approximately 0.15 to 0.20 m below average for mid-April. While the lake is still well above record low levels, lower starting elevations increase reliance on spring inflows to reach seasonal targets. Combined with record low snowpack the spring inflows are not expected to compensate for the lower lake level.

The above factors mean there is high likelihood of continued, and potentially increasing, drought severity as spring progresses.

Penticton's Unique Water Systems

Penticton is unique in that it manages four distinct water systems. The most well-known system is our Treated Water System, which combines raw water pumped from Okanagan Lake and gravity fed from Penticton Creek at our Water Treatment Plant. At the plant, it is then treated through a process involving flocculation, coagulation, filtration and chemical dosing before being distributed across the City to residential and commercial customers. In 2025 the City of Penticton WTP processed and distributed 7,139 ML or 7.13 billion liters of water.

The second and third water systems are the City's dedicated agricultural irrigation systems, which are supplied by raw water that is captured and stored in upstream dams – the North Irrigation System (Naramata Rd area) is fed through Greyback Dam Reservoir and provides water to approximately 300 agricultural properties, and the South Irrigation System (Valleyview Rd area) is fed through the Ellis Dam Reservoirs and provides water to approximately 80 agricultural properties. These dam structures are a source of dedicated, gravity fed water for agricultural purposes, preserving the treated drinking water for direct-to-consumer consumption. In 2025 the City of Penticton Agricultural Irrigation systems distributed 2500 ML or 2.5 billion liters of water.

The fourth water system is a treated effluent or reclaimed water system, which is a byproduct from the wastewater treatment process. During wastewater treatment plant upgrades in the 1990's the City installed dedicated effluent distribution mains through the City to some of its highest irrigation users including; Penticton Golf Course, SOEC and PTCC grounds, OUC Campas, Kings Park, Ellis Park, Lions Park and Skaha Park. Since then, the City has worked with School District #67 and now provides effluent irrigation water to Parkway School, Princess Margaret and Skaha Lake Middle School. This reclaimed water would otherwise be discharged to the Okanagan River Channel and is used instead to irrigate roughly 60-65% of our parks and playfields. This system ensures that treated potable water can be preserved for direct consumption and raw water is preserved for agricultural uses. In 2025 the City WWTP treated and distributed 558 ML or 0.6 billion liters of effluent water.

As a result of these unique systems (which many communities do not have), there are different restrictions for different users under each of the water restriction stages. This sometimes creates confusion when residents are being asked to restrict water usage while other users on other systems can continue to water.

Water Restriction Stages

The City's Irrigation Sewer and Water Bylaw outlines the various stages for restrictions, as well as triggers to assist the designated officer (General Manager of Infrastructure) in determining the appropriate stage. A full summary of these stages has been provided in Attachment B, however at a high level:

- Stage 1 – Normal, Commences every year on May 1
 - 3 day per week watering
- Stage 2 – Reduce consumption by 20%
 - 2 day per week watering
- Stage 3 – Reduce consumption by 50%
 - 1 day per week watering
- Stage 4 – Prohibition on outdoor use, reduce consumption by 90%
 - Zero outdoor watering permitted

Regional Collaboration

There are a variety of regional tables that collaborate and coordinate on this important topic, including:

- Okanagan Basin Water Board
- Collaborative Leadership Table of the Okanagan Similkameen Watershed
- Water Supply Association of BC
- Water Management Branch through Ministry of Water, Lands and Resource Stewardship
- Ministry of Agriculture and Food

While each water system is unique and must consider its specific circumstances when determining the appropriate conservation stage, regional collaboration recognizes the multiple parties that live together in the watershed that share a responsibility to safeguard the water that sustains our communities.

A summary of the restrictions currently being imposed by other water suppliers in the region are noted in Attachment A – 2026 OBWB Drought Bulletin Issue #1. While each community has distinct differences in their conservation stages that result from the unique nature of their systems (and sources), we also recognize the value in consistency in messaging and communication and strive for alignment where possible.

Financial implication

Any impacts to revenues or expenses from these water restrictions will be monitored and reported through the quarterly financial updates.

Analysis

The South Okanagan is entering the 2026 operating season with below-average snowpack, below-average precipitation, lower-than-normal lake levels, and reduced river flows. Together, these factors point to a heightened drought risk and reduced system flexibility compared to a typical year. As a result, the City of Penticton commenced its water conservation season on May 1, 2026, starting at Stage 2 restrictions.

A comprehensive communication campaign has commenced to communicate the restrictions to the public, through a variety of tactics including:

- Media release
- Radio
- City newsletter
- Videos / reels
- Social media
- Community signage
- Updated City website at penticton.ca/water
- Postcard handouts for distribution at community events
- News & print ads
- Digital ads



These traditional measures will continue throughout the summer and will escalate to include additional tactics as required, should restrictions escalate.

Attachments

Attachment A – OBWB 2026 Drought Bulletin Issue #1

Attachment B – Summary of Water Restriction Stages and Triggers

Respectfully submitted,

David Best
Utilities Manager

Concurrence

GM of Infrastructure <i>RD</i>	GM of Corporate Services <i>AMC</i>	City Manager AH
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Attachment B: Summary of Water Restriction Stages and Triggers

Stage 1: Normal	
When it's triggered:	What it means:
Automatically on May 1 st of each year	Residential watering permitted 3 days of the week
	City Parks may irrigate 3 to 5 days per week, except hanging baskets which can be watered as required
	Golf Courses may irrigate 3 to 5 days per week
	Agricultural users of raw water mains may irrigate 5 to 7 days per week as required

Stage 2: Goal of 20% Reduction	
When it's triggered:	What it means:
Daily demand reaches 80% of treatment capacity	Residential watering permitted 2 days of the week
Raw water storage levels at 15 to 30% below the median storage capacity without indication of recovery	City Parks reduce consumption by 20%
Level II drought conditions from the Ministry of Water, Land and Air Protection.	Golf Courses reduce consumption by 20%
When considering restrictions for agricultural customers the Designated Officer may consult with Owners and take into consideration crop type, point in the growth cycle and type of on-site Irrigation system employed	Agricultural users reduce consumption by 20%
When considering restrictions for Irrigation customers using reclaimed water the Designated Officer may consult with the AWWTP to ensure correct channel dilution rate can be achieved.	

Stage 3: Goal of 50% Reduction	
When it's triggered:	What it means:
Daily demand reaches 90% of treatment capacity	Residential watering permitted 1 day of the week
Raw water storage levels at 30 to 40% below the median storage capacity without indication of recovery	City Parks reduce consumption by 50%
Level III drought conditions from the Ministry of Water, Land and Air Protection.	Golf Courses reduce consumption by 50%
When considering restrictions for agricultural customers the Designated Officer may consult with Owners and take into consideration crop type, point in the growth cycle and type of on-site Irrigation system employed	Agricultural users reduce consumption by 50%

When considering restrictions for Irrigation customers using reclaimed water the Designated Officer may consult with the AWWTP to ensure correct channel dilution rate can be achieved.

Stage 4:

When it's triggered:

What it means:

Daily demand reaches 100% of treatment capacity

Watering of all forms of lawn and gardening is prohibited.

Raw water storage levels at greater than 40% below the median storage capacity without indication of recovery

City Parks reduce consumption by 90%

Level IV drought conditions from the Ministry of Water, Land and Air Protection.

Golf Courses reduce consumption by 90%

When considering restrictions for agricultural customers the Designated Officer may consult with Owners and take into consideration crop type, point in the growth cycle and type of on-site Irrigation system employed

Agricultural users reduce consumption by 90%

When considering restrictions for Irrigation customers using reclaimed water the Designated Officer may consult with the AWWTP to ensure correct channel dilution rate can be achieved.

There are a variety of exemptions from the restrictions, including a permitting process to water outside of the restrictions for newly placed sod or seeded lawns. Hand watering is also permitted at any time during Stages 1-3.

2026 Drought Bulletin

April 28, 2026 | Issue 1

Dry Weather and Low Snowpack Put Okanagan Water Supplies Under Pressure

As snow melts and flowers begin to sprout, it is time to assess the valley's drought conditions. The Okanagan has been in some form of drought since the fall of 2022, and it seems likely that this will continue into summer 2026. Conditions may change if significant and sustained rain occurs this summer, but for now, here is a summary of conditions.



Snowpack critically low heading into freshet

- Snowpack, a major source of the valley's water supply, was consistently low across the Okanagan this winter.
- As of April 1, 2026, average snowpack was 58% of normal.
- Key monitoring sites such as Brenda Mines and Silver Star Mountain are at, or near, record-low snowpack levels, with some areas already largely melted.

Spring precipitation far below normal

- Valley-bottom weather stations have recorded very little precipitation since January.
- Penticton, for example, has received only 18 mm of precipitation in 2026 so far, putting it 54 mm below average for this time of year.

Summer streamflow risk remains high

- Streamflows are expected to increase temporarily as snowmelt begins, but late-summer water shortages are a concern without ongoing precipitation.
- Okanagan Lake is slightly above normal, while Osoyoos Lake recently rebounded after sitting near historic lows earlier this spring, highlighting uneven conditions across the system.

2026 Precipitation as of April 13th vs. Historical Average

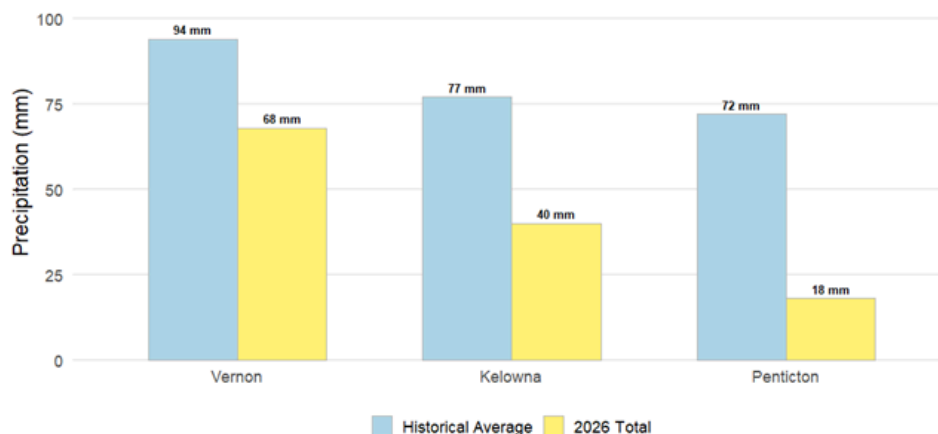


Figure 21: Cumulative precipitation across the Okanagan vs Historical average by April 13, 2026. Data from Environment and Climate Change Canada. Historical average is Vernon 1900 – 2025, Kelowna 1899 – 2025, and Penticton 1907 -2025.

Hotter, drier outlook increases drought risk

- Environment and Climate Change Canada forecasts indicate:
 - Higher likelihood of above-average temperatures
 - No clear signal for increased precipitation
- Seasonal outlooks show an increased likelihood of El Niño–like conditions, which typically bring hotter, drier summers to the Okanagan, similar to 2023.
- Seasonal forecasts can be used to provide a sense of likely future conditions, but they should not be taken as 100% certain.

Washington State drought adds regional context

- On April 8, 2026, [Washington State declared a statewide drought emergency](#) due to poor snowpack, marking the fourth consecutive year of drought in parts of the state.
- [Although B.C. has not yet assigned provincial drought levels for 2026](#), Washington's declaration underscores the broader regional water risk facing the Pacific Northwest.

What you need to know

- Drought conditions vary widely across the valley.
- Local water restrictions, not provincial drought levels, are what residents must follow.
- Lake levels are not the primary place we will “see” whether we are in drought. Okanagan Lake has many control structures, such as dams along it, which are used to manage lake levels to mitigate floods and droughts. Instead, low stream levels, depleted aquifers and reservoirs, and dry soil will be the main ways we see the drought.
- Collective action and individual water conservation remain essential to protect fish, agriculture, firefighting capacity, and community water supplies.

Local Conditions

Your local conditions are what matters most. Many municipalities are starting this gardening season with watering restrictions already in place. Check out your community below to see what watering stage you are on, determined by your water service area's specific conditions.


If your community isn't listed below, you can find a full list of water providers in the Okanagan at [MakeWaterWork.ca](#).

Location	Current watering restrictions	Learn more
Greater Vernon Area	Stage 1 — Up to three days a week as per your address, automated sprinklers only between midnight and 6 a.m.on permitted days.	Visit the Greater Vernon Water Restrictions page here.
Kelowna	Normal — Up to three days a week as per your address, no watering on Mondays, automated sprinklers only between midnight and 6 a.m. on permitted days.	Visit the City of Kelowna Water Restrictions page here.
Lake Country	Stage 2 — Residential and commercial irrigation permitted once or twice per week, automated sprinklers only between midnight and 6 a.m. on permitted days.	Visit the District of Lake Country's Water Conservation Page here.
West Kelowna	Stage 2 — Up to two days a week as per your address, automated sprinklers only between midnight and 6 a.m. on permitted days.	Visit the City of West Kelowna's Watering Regulations and Conservation Page here.

Peachland	Stage 3 — Even numbered addresses water Saturday, odd numbered addresses water Sunday, no watering between 10 a.m. and 7 p.m.	Visit the District of Peachland's Conserving Water Page here.
Summerland	Stage 1 — Up to three days a week as per your address.	Visit the District of Summerland's Water Restrictions page here.
Penticton	Stage 2 (starts May 1) — Up to two days a week as per your address, automated sprinklers only between midnight and 6 a.m. on permitted days.	Visit the City of Penticton's Water Restrictions page here.
Osoyoos	Stage 2 (starts May 1) — Up to two days a week as per your address, automated sprinklers only between midnight and 4 a.m. on permitted days.	Visit the City of Osoyoos Water Restrictions page here.
RDNO	Varied stages depending on the Water Utility, please visit the link to learn more.	Visit the RDNO's Water Restrictions page here.
RDCO	Stage 1 — Even numbered addresses on even calendar days, odd numbered addresses on odd calendar days.	Visit the RDCO's Water Systems Page here.
RDOS	Normal — Up to three days a week as per your address, no watering on Mondays, automated sprinklers only between midnight and 6 a.m. on permitted days.	Visit the RDOS' Water Restrictions page here.

2026 Okanagan Water Supply Webinar

2026 Okanagan Water Supply Webinar
Friday, May 8th 11:00 am – 12:00 pm



With the Okanagan entering a fourth consecutive drought year, join OBWB and partners for a one-hour snapshot of supply conditions heading into the 2026 irrigation season, followed by audience Q&A.

We'll cover:

- Reservoir levels
- Snowpack
- Groundwater
- Weather forecast

Past participants have included: Local government, agricultural community, water managers, public, business owners, and water professionals.

With the Okanagan entering a fourth consecutive drought year, join OBWB and partners for a one-hour snapshot of supply conditions heading into the 2026 irrigation season, followed by audience Q&A.

- We'll cover:
- Reservoir levels
 - Snowpack
 - Groundwater
 - Weather forecast

Friday, May 8, 2026
11:00 a.m. – 12:00 p.m.

[Join us at this Zoom Link.](#)

For more info contact Nelson at:
nelson.jatel@obwb.ca | 250-469-6295

Past participants have included: Local government, agricultural community, water managers, public, business owners, and water professionals.



Okanagan Basin Water Board | 1450 KLO Road | Kelowna, BC V1W 3Z4 CA

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Council Report

penticton.ca

Date: May 5, 2026
To: Anthony Haddad, City Manager
From: Sheri Raposo, Land Manager
Address: 185 Lakeshore Drive West, Penticton

File No: 4320-80

Subject: License to Use Agreement – Bishops Snow and Marine Ltd. (operating as Pier Water Sports)

Staff Recommendation

THAT Council approve the five (5) year License to Use Agreement renewal with Bishops Snow and Marine Ltd. operating as Pier Water Sports, for the use of approximately 0.55 acres of Rotary Park foreshore and the associated building located at 185 Lakeshore Drive West, for the operation of water-based leisure activities;

AND THAT Council authorize the GM Corporate Services and Corporate Officer to execute the License to Use Agreement.

Strategic priority objective

Vision: Penticton is a connected, resilient and healthy waterfront city focused on safety, livability and vibrancy.

Property Description

The licensed area at 185 Lakeshore Drive West includes approximately 24,200 sq. ft. of upland beach and shallow lake frontage, along with a 400 sq. ft. office building. The site consists of approximately 7,300 sq. ft. of sandy beach and 16,900 sq. ft. of water area, currently used for water-based recreational activities such as small watercraft rentals. Its prominent location provides high visibility, strong pedestrian activity, and direct access to one of Penticton's waterfront areas.



Background

Bishop's Snow and Marine Ltd. is a family-owned business operated by George Bishop and his two sons. The company first served the Shuswap region, later moved to Summerland, and eventually established operations in Penticton, where they now serve as the most recent operator in the area.

The business employs between 17 and 24 staff each season, many of whom are local youth. Operating out of Rotary Park in Penticton since 1998, the 2026 season will mark their 28th year serving the community. They offer a wide range of water-based recreation services, including rentals of ski boats, surfboards, wakeboards, kayaks, pontoon boats, parasailing equipment, and specialty vessels such as a 42-foot Party Barge, and provides instruction through Penticton's only Waterski Canada-certified instructor. Since opening, the operator has invested more than \$1 million in building upgrades, docks, fueling infrastructure, and rental inventory.

Since 1998, their financial investment in this business has exceeded \$1 million, as follows:

- Building rebuild and upgrades \$80,000
- Dock System \$104,000
- Fuel system upgrade \$20,700
- Rental equipment inventory \$853,000

History of Tenure

A summary of the tenure over the Rotary Park foreshore location to the current Licensee:

- 1998 Pier Water Sports retained tenure over this space until 2002.
- 2003 an RFP under the Beach & Park Vending program resulted in a 3-year LTU with an option to renew for two additional years for the purpose of offering water leisure activities on Okanagan Lake. Granted to proponents George Bishop, Robert Bateman, John Cain, and Robert Grey. The RFP submission included replacing an existing kiosk with a prefab structure with an attached covered patio and expand their existing floating docks at a cost of \$21,000. The option to renew was exercised.
- 2006 a 2-year LTU under the Beach & Park Vending program was provided to Pier Water Sports
- 2009 a 5-year LTU (with an option to renew on mutually agreed terms) was granted and a building permit was issued for renovations to the building.

- 2013 the renewal option was granted for 5 additional years.
- 2018 staff brought a report to Council, requesting an additional 5-year LTU for Pier Water Sports with the condition that prior to the start of the 2019 season, a compliant fueling system within the licensed area be installed, at the operator's expense. This condition was completed.
- 2024 a 3-year LTU extension was approved by Council. This current agreement expires on December 31, 2026.

On February 11, 2026, Bishop's Snow and Marine Ltd submitted a formal request letter (Attachment A) to Council requesting a 3- or 5-year extension to their License to Use Agreement.

On March 17, 2026, staff brought forward the request to Council to refer a Request for Proposal to the Parks and Recreation Advisory Committee for their review and recommendation regarding the use of approximately .55 Acres of Rotary Park foreshore and the associated building located at 185 Lakeshore Drive West, for the operation of water based leisure activities under a License to Use Agreement of up to five years.

Council, recognizing the operator's substantial financial investment in capital upgrades and longstanding contribution at the site, provided an alternative direction, directing staff to renew the License to Use Agreement with the existing tenant and obtain a recommendation from the Parks and Recreation Advisory Committee with the following outcome:

8.1 Request for Proposal: License to Use Area Located at 185 Lakeshore Drive West

70/2026 It was MOVED and SECONDED

THAT Council direct staff to refer the proposed five-year renewal of the License to Use Agreement with Bishop's Snow and Marine Ltd. (operating as Pier Water Sports) to the Parks and Recreation Advisory Committee for their review and recommendation regarding the use of approximately 0.55 acres of Rotary Park foreshore and the associated building for the operation of water-based leisure activities at market rate, plus CPI.

CARRIED UNANIMOUSLY

Park Land Protection and Use Policy References

As the land, that is being utilized is parkland, the Park Land Protection and Use Policy requires that any Agreements within our parkland follow the proper step procedure and receive a committee recommendation. City staff have completed their final procedural step and presented a report along with a recommendation to the Parks and Recreation Advisory Committee on April 22, 2026, with the following outcome:

4.1 License to Use Agreement Renewal

Re: 185 Lakeshore Drive West

It was MOVED and SECONDED

THAT the Parks and Recreation Advisory Committee recommend that Council authorize staff to proceed with the renewal of a five-year License to Use Agreement for Bishops Snow and Marine Ltd. (operating as Pier Water Sports) for the use of approximately 0.55 acres of Rotary Park foreshore and the associated building at 185 Lakeshore Drive West for water-based recreational purposes.

CARRIED UNANIMOUSLY

License to Use Agreement Summary

The proposed term of the License to Use Agreement, will be for five (5) years. The Licensee will be responsible for all utilities, property taxes, and all repairs and maintenance necessary to keep the Licensed Area in a safe, clean, and first-class condition. In addition, as a water-based recreational operator on City land and foreshore, the Licensee will be required to conduct all activities in an environmentally responsible manner, ensuring that operations protect the shoreline, water quality, and surrounding natural environment. The Licensee must comply with all applicable water, health, and safety regulations.

As a condition of the Agreement, the Licensee would be required to maintain Commercial General Liability insurance in the amount of \$10,000,000. The Licensee would also be required to comply with all applicable environmental covenants and risk management requirements, including maintaining a minimum of \$5,000,000 in Environmental Impact and Impairment Liability coverage, where motorized watercraft or fuel systems are utilized, and any other insurance necessary to the satisfaction of the City. All required insurance shall name the City of Penticton as an additional insured.

Financial implication

At this time, there is no financial implication to the City. Staff have undertaken a new lease rate appraisal to establish the annual License to Use fee, which will be subject to annual CPI increases. It is anticipated that the appraised rate will be similar to the current rate being paid.

Analysis

Bishop's Snow and Marine Ltd. (operating as Pier Water Sports) has operated within Rotary Park since 1998 and has demonstrated a long history of compliance, operational stability, and significant investment in City-owned infrastructure, exceeding \$1 million in capital improvements. The proposed five-year License to

Use Agreement supports the City’s strategic objectives for a vibrant and active waterfront and is aligned with recent direction provided for similar LTU agreements. The Agreement includes appropriate insurance, environmental, and maintenance obligations to mitigate risk to the City. Staff are therefore supportive of continuing the use under the proposed five-year term.

Alternate recommendations

THAT Council direct staff to enter into a three (3) year License to Use Agreement renewal with Bishops Snow and Marine Ltd. operating as Pier Water Sports, for the use of approximately 0.55 acres of Rotary Park foreshore and the associated building located at 185 Lakeshore Drive West, for the operation of water-based leisure activities.

Attachments

Attachment A – Bishops Snow and Marine Ltd. Letter Request

Respectfully submitted,

Sheri Raposo, Land Manager

Concurrence

<p>GM Corporate Services <i>AMC</i></p>	<p>GM Community Services <i>KJ</i></p>	<p>GM Infrastructure <i>KD</i></p>	<p>City Manager <i>SH</i></p>
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Attachment A – Bishops Snow and Marine Ltd., Letter Request

Bishop's Snow and Marine Ltd.
Doing business as Pier Water Sports
 450 Tennis Street
 Penticton, BC V2A 5R3
 250-493-8864

February 11, 2026

The City of Penticton
 171 Main Street
 Penticton, BC V2A 5A9

Attention: Mayor Bloomfield and Councillors

Dear Mayor Bloomfield and Members of Council,

We respectfully request a 3 to 5 year extension of our existing contract, which is set to expire on December 31, 2026. We also ask that our license to use be renewed prior to the start of the 2026 season to ensure operational continuity.

Background and Contribution:

Pier Water Sports has proudly operated from Rotary Park in Penticton since 1998. The 2026 season will mark our 28th year of continuous service. From humble beginnings – a small beach setup with a wooden shanty and a couple of ski boats – we have grown substantially through hard work, dedication, and significant financial reinvestment.

To date, we have invested over \$1 million into facility and equipment improvements, including:

Investment Category	Amount
Rental Equipment Inventory	\$853,000
Building Rebuild and Upgrades	\$80,000
Dock System	\$104,000
Fuel System Upgrade	\$20,700
Total Investment	\$1,057,700

Community and Economic Impact:

As a family-run business, we are proud to employ 17 to 24 staff members each summer – many of whom are local high school and college students gaining valuable work experience.

Our operations attract residents and tourists alike; during the 2025 season, we served of 10,000 guests, including many loyal return customers who contribute directly to Penticton's tourism economy.

Commitment to Excellence:

Pier Water Sports offers a wide variety of recreational experiences, including rentals of Seadoos, ski boats, surf boats, pontoon boats (including our 42 foot Party Barge), paddleboards, and kayaks. Our additional activities - - such as banana boat rides, wakeboarding and parasailing add excitement and value to Penticton's waterfront.

We take great pride in being a responsible, community-oriented business and a continued driver of Penticton's tourism growth. We are fully prepared to pay fair market value for the extension and remain committed to maintaining the highest standards of service and safety.

Conclusion:

We kindly ask Council to give favourable consideration to our request for a contract extension. We look forward to continuing our strong partnership with the City and to providing exceptional water sport experiences for local residents and visitors alike.

Thank you for your continued support and consideration.

Yours truly,

A handwritten signature in black ink, appearing to read 'George Bishop', with a long, sweeping horizontal flourish extending to the right.

George Bishop
Bishop's Snow and Marine Ltd.



Council Report

penticton.ca

Date: May 5, 2026
To: Anthony Haddad, City Manager
From: Kelsey Johnson, General Manager of Community Services

File No: 0340-50

Subject: Park Land Protection & Use Policy Update

Staff Recommendation

THAT Council rescind the 2018 Park Land Protection and Use Policy and approve Council Policy #2026-03 Park Land Protection & Use Policy.

Strategic priority objective

Livable & Accessible: The City of Penticton will proactively plan for deliberate growth, focusing on creating an inclusive, healthy, and vibrant community.

Background

At the Regular Council Meeting on February 11, 2025, Council received and approved the Parks & Recreation Advisory Committee's recommendation to direct staff to undertake a review of the Park Land Protection and Use Policy with the objective to streamline and enhance the efficiency of processes related to parkland protection, allocation and use.

Staff incorporated a number of updates to the License to Use (LTU) Renewal Procedure that are aligned with the Committee's comments and feedback on the policy. Staff shared the draft policy, CP#2026-03 Park Land Protection & Use Policy, with the Parks & Recreation Advisory Committee at their meeting on April 22, 2026, and received the following recommendation:

4.3 Park Land Protection & Use Policy

It was MOVED and SECONDED

THAT the Parks & Recreation Advisory Committee receive into the record the report dated April 22, 2026, titled "Park Land Protection & Use Policy Update";

AND THAT the Parks & Recreation Advisory Committee endorses the draft CP #2026-03 Park Land Protection & Use Policy as outlined in the report.

CARRIED UNANIMOUSLY

The key changes to the policy are summarized below:

1. LTU Renewal Term – Ability to issue a five (5) year LTU agreement

- The Committee had raised concerns about the barrier of the maximum three-year terms for businesses submitting Proposals to operate within park land, particularly when the business makes an investment in the facility or equipment. Members commented that a longer-term LTU Agreement would provide more confidence for the tenant to recover their investment.

Providing staff with the ability to issue a five (5) year LTU Agreement, should a tenant provide significant capital and financial investment to operate, will create a more efficient process and likely garner more interest and investment into these City facilities and amenities. In recent years, both Committee and Council have been supporting 5-year term renewals.

2. Streamlined Step Procedure for LTU Renewals

- Amending the applicable step procedure to provide staff direction to bring forward the LTU renewal directly to PRAC will remove the requirement to introduce the LTU Renewal at an Open Council meeting for the sole purpose of having Council refer to the next PRAC meeting.

3. Introducing a Pre-Approved Site List

- To support operational continuity, administrative efficiency and long-term community partnerships, staff are proposing a list of Pre-Approved Sites where the use has been previously approved, remains unchanged, and poses no material impact to parkland protection objectives. Inclusion on the list does not guarantee renewal of a license.

If approved, the Pre-Approved Site List will be reviewed and maintained every three (3) years through the following procedure:

Step 1: Parks & Recreation Advisory Committee reviews the Pre-Approved Site List and feedback from staff

Step 2: Parks & Recreation Advisory Committee would then make a recommendation to Council to approve or amend the Pre-Approved Site List.

If a site is removed from the Pre-Approved Site List, subsequent License to Use Renewals would need to comply with the Full Renewal for License to Use Agreements procedure.

Staff are proposing the following sites for the Pre-Approved Site List as part of the policy update:

1. Concessions (Peach, Skaha Main, Skaha East, Sudbury)
2. Beach Vending Program Sites
3. 185 Lakeshore Drive West - Jubilee Pavilion
4. 215 Riverside Drive (current agreement with Coyote Cruise)
5. Rotary Park foreshore (current agreement for Pier Watersports)
6. 500 Edmonton Avenue (Day Care & Penticton Safety Village)
7. 1701 Government Street (current agreement with Interior Health – Hospice House)

8. Community Gardens (Vancouver Ave & Baskin St)
9. 1400 Riddle Road (current agreement with Penticton Area Cycling Association PACA)
10. Disc Golf (Riddle Road & Three Blind Mice – current agreement with Penticton Disc Golf Society)
11. 1051 Penticton Avenue (current agreement with Province of BC for Air Quality Station)
12. 3807 Skaha Lake Road (current agreement with Oxbow RV Park)
13. Okanagan Lake Foreshore (current agreement with Splash BC – WIBIT)
14. 630 Munson Mountain Road (current agreement with BMX Society)
15. 1060 Main Street (current agreement with Penticton New Beginnings Christian Fellowship)

Additionally, a number of other minor amendments are being proposed for the purpose of providing clarity and reducing redundant information.

Financial implication

There are no financial implications associated with the approval of the policy.

Analysis

Originally adopted in 2018, the Park Land Protection & Use Policy is an important document that provides policy guidance and procedural direction to staff. Using the experience and learnings over the past several years, along with feedback from the Committee, staff are proposing these amendments to create efficiencies in the process while ensuring the integrity of the policy is maintained.

Attachments

Attachment A – Council Policy #2026-03 Park Land Protection & Use Policy

Respectfully submitted,

Kelsey Johnson
GM of Community Services

Concurrence

GM of Development Services <i>BL</i>	GM of Infrastructure <i>KD</i>	City Manager <i>AB</i>
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Council Policy

CP#2026-03

pentiction.ca

Category: Parks / Land Management

Subject: Park Land Protection and Use Policy

Purpose

The purposes of the Park Land Protection and Use Policy are:

- To provide direction on the protection and uses of public park land within the City of Penticton in accord with the Official Community Plan, Parks & Recreation Master Plan and Zoning Bylaw.
- To protect parks as public assets of the City of Penticton. This policy will ensure that city parks remain in the public domain through community engagement and support and with the implementation of the Park Land Protection and Use Policy.
- To support the community's use and enjoyment of the parks, provide opportunities for primarily outdoor recreation and nature appreciation thereon, and to protect, conserve, and preserve the natural, physical, historical and cultural resources thereon.
- To improve the quality of parks in our community through enhanced park stewardship and sustainable resource management.

Scope & Guiding Principles

The community developed a vision, a park definition and set of values in the 2018 Parks and Recreation Master Plan to guide future use of Penticton's parks and recreation services in the City of Penticton. These values directed the development of the Park Land Protection and Use Policy and will guide its implementation.

- A public park is an unencumbered tract of land wherein the land title is held by a public entity for the benefit, use and enjoyment of the people and for the protection, conservation, preservation of the natural, physical, historical and cultural resources thereon, and wherein an encumbrance is a burden, obstruction, or impediment to the foundational purpose or purposes for which the park was established.
- Policy Objectives and their resulting policies have been created based on the Vision, Park Definition, Values and community engagement undertaken with the Parks & Recreation Master Plan and will be used to guide the use of parks.
 - *Support recreational opportunities, healthy living and enhance public enjoyment of parks*
 - *Safeguard public access and community affordability*
 - *Protect public ownership*
 - *Protect, preserve and promote park land*
 - *Engage the community in park governance and decisions*

Policy Statements

1. Support recreational opportunities, healthy living and enhance public enjoyment of parks

- 1.1. The City of Penticton supports uses, recreational opportunities, provides for a healthy lifestyle and improves the public enjoyment of parks. These uses are identified as Permitted Uses in the Zoning Bylaw and shall meet applicable subdivision and development regulations contained within each Park Zone.
- 1.2. Requests for uses that are not identified as Permitted Uses in the Zoning Bylaw shall follow the zoning procedure for *Uses in a Park Zone that are not a Permitted Use* as outlined in this policy prior to being considered by Council.

2. Safeguard public access and community affordability

- 2.1. The City of Penticton does not support uses that inhibit long term public access through exclusive memberships, prohibitive fees or permanent physical structures that detract from the natural setting and use of the park.

3. Protect public ownership

- 3.1. A *License*, as defined under this policy permits the use of something or allows an activity to take place; a Licensee shall not be guaranteed exclusive use of the property, is not an entitlement to the land, and includes a cancellation clause allowing the Licensor (City) to cancel the license at any time by providing the stipulated required notice; additional licenses to unrelated parties may be granted over the same property or portions of property; a license cannot be registered on the title of the property.

- 3.1.1. The City of Penticton may issue a License To Use for a portion of public park land to support a Permitted Use in a Park Zone. These licences are typically for a short term or seasonal in nature, up to a maximum of five (5) years, and shall be approved in accordance with the zoning procedure for *Permitted Uses* outlined in this policy.

- 3.2. A *Lease*, under this policy is defined as a contract by which one party conveys exclusive use of land or real property to another for a specified period of time and provides entitlement to the land, usually in return for a periodic payment. A lease is a stronger form of tenure than a License and typically cannot be cancelled during the term of the lease as long as Lessee honours terms and conditions. Leases may be registered with the Land Title office creating a legal enforceable charge against the property for the term of the lease. In the context of park land within the City of Penticton, a lease of municipal park land grants a private interest rights to public land and diminishes public ownership and control.

- 3.2.1. The City of Penticton will not enter into a lease of land dedicated as park under Park Dedication Bylaw 2018-37 without the approval of the electors.

4. Protect, preserve and promote park land

- 4.1.** If the proposed use is deemed to uphold the scope and guiding principals of this policy and to have a net benefit to municipal park land, the City will then submit the proposal for public engagement in accordance with Section 5 of this policy.
- 4.2.** The City of Penticton supports the growth and enhancement of public park land for community use in accordance with the Parks & Recreation Master Plan.

The City of Penticton recognizes that there are a number of private encroachments into existing public park land. No new private encroachments onto public park land will be permitted. Existing encroachments may be reviewed and considered for continuation, modification, or removal based on their impact on park use, public benefit, and feasibility.

5. Engage the community in park governance and decisions

- 5.1.** The community is involved in governance of the protection and use of parks and the implementation of this policy through their membership on the Parks & Recreation Advisory Committee.
- 5.2.** The community shall be engaged before a decision is made on any proposed change to use or regulation within any Park Zone in accordance with the procedure outlined in Section 8 of this policy. This policy provides for increasing levels of engagement based on the scale and impact of the proposed use. City staff and the Parks & Recreation Advisory Committee will establish the level of engagement according to the impact of the proposed use, in accordance with the zoning procedure for *Requests for Uses that are not Permitted Uses* and in accordance with the IAP2 International Spectrum of Public Participation.

6. Legacy Licenses and Leases

- 6.1.** The City of Penticton recognizes that a number of legacy leases and License to Use agreements existed on public land at the time this policy was originally adopted, some of which may not align with current permitted uses. These existing agreements may continue in accordance with their terms. Upon expiry of a legacy agreement, the continuation of the use will be evaluated in accordance with this policy, applicable bylaws and the *Procedure for uses that are not Permitted Park Uses* (See section 8.2 of this policy).

PROCEDURES – ZONING BYLAW

7. Permitted Uses

- 7.1.** Permitted Uses within any Park Zone and no other uses than those provided for in the list of permitted uses in the Zoning Bylaw shall be allowed on City park land.

7.2. Permitted Uses in a Park Zone may occur in accordance with the subdivision and development regulations of the Park Zone.

7.3. City staff will report to the Parks & Recreation Advisory Committee on any new licences for permitted uses in a Park Zone.

8. Uses in a Park Zone that are not Permitted

8.1. Uses that are not a Permitted Use within a Park Zone or a regulation change must be reviewed through a Zoning Amendment application and a Public Hearing held in accordance with the Local Government Act.

8.2. The procedural review for any new use on Park Zoned Land is as follows:

Step 1: Zoning Amendment Application submitted to City staff

Step 2: Proposal brought forward to Open Council meeting for introduction to the community

Step 3: Circulation of application to City Departments and Parks & Recreation Advisory Committee for review against the Official Community Plan, Parks and Recreation Master Plan, Zoning Bylaw, Park Protection and Use Policy and any other applicable regulations

Step 4: Parks & Recreation Advisory Committee meet to review application and determine level of community engagement required in accordance with the IAP2 International Spectrum of Public Participation

Step 5: Public Participation process occurs receiving input from community

Step 6: Parks & Recreation Advisory Committee to meet and review application

Step 7: Parks & Recreation Advisory Committee to provide a recommendation to Council

Step 8: Council report introduced to Council outlining proposed Park Protection and Use or regulation change

Step 9: Public hearing advertised and held in accordance with the *Local Government Act*.

Step 10: After hearing from the public and receiving a recommendation from the Parks and Recreation Advisory Committee, Council renders a decision on a park proposal.

8.3. The procedural review contained within Section 5 of this policy may be followed for review of other park use related matters as determined by staff and the Parks & Recreation Advisory Committee.

PROCEDURES – LICENSE TO USE RENEWAL

9. Pre-Approved Sites for License to Use to Renewal

9.1. To support operational continuity, administrative efficiency and long-term community partnerships, the City may establish and maintain a list of Pre-Approved Sites where the use has been previously approved, remains unchanged, and poses no material impact to parkland protection objectives. Inclusion on the list does not guarantee renewal of a License to Use Agreement. The Pre-Approved Site List will be reviewed and maintained every three (3) years through the following procedure:

Step 1: Parks & Recreation Advisory Committee reviews the Pre-Approved Site List and feedback from staff

Step 2: Parks & Recreation Advisory Committee would then make a recommendation to Council to approve or amend the Pre-Approved Site List.

Step 3: Staff present the Committee’s recommendation to Council for approval of the Pre-Approved Site List.

Removal of a site from the list shall require that any subsequent License to Use renewal to comply with Section 10.

9.2. A License to Use may or may not be renewed up to a maximum of five (5) years. Where a License to Use renewal for a Pre-Approved Site is for an identical use and there are no significant changes being made to the terms of the agreement, the renewal will proceed to an Open Council meeting for direction. Once the Pre-Approved Site list has been endorsed by Council, no further Committee recommendations are required for renewals within the duration of the Pre-Approved Site list.

10. Full Renewal for License to Use Agreements not on the Pre-Approved Site List

10.1. A Licence to Use may or may not be renewed up to a maximum of five (5) years. Where a License to Use renewal does not meet the criteria for Section 9.1, the following procedure will apply:

Step 1: Application to renew submitted to City staff

Step 2: City staff conduct License to Use Agreement Review to confirm conditions of the license are met and that the agreement is in good standing, application circulated to City Departments for acceptance and feedback

Step 3: Proposal brought forward to the Parks & Recreation Advisory Committee for their review and recommendation

Step 4: Parks & Recreation Advisory Committee make a recommendation to Council to approve or deny the renewal.

Step 5: Staff present the Committee’s recommendation to Council in an open meeting for final direction.

Schedules

A. Pre-Approved Site List

Related Policies and Legislation

Approval History			
Previous revisions/replaces:			
Approved by Council on:		Resolution No.:	

Certified Correct:

Angie Collison, Corporate Officer

Schedule A – Pre-Approved Site List

Objective & Eligibility Criteria: To support operational continuity, administrative efficiency and long-term community partnerships, the City may establish and maintain a list of Pre-Approved Sites where the use has been previously approved, remains unchanged, and poses no material impact to parkland protection objectives. Inclusion on the list does not guarantee renewal of a License To Use Agreement.

Review & Maintenance: The Pre-Approved Site List will be reviewed and maintained every three (3) years through the following procedure:

Step 1: Parks & Recreation Advisory Committee reviews the Pre-Approved Site List and feedback from staff

Step 2: Parks & Recreation Advisory Committee would then make a recommendation to Council to approve or amend the Pre-Approved Site List.

Step 3: Staff present the Committee's recommendation to Council for approval of the Pre-Approved Site List.

Removal of a site from the list shall require that any subsequent License to Use renewal comply with Section 10.

Sites

1. Concessions:
 - a) The Peach- 185 Lakeshore Drive West
 - b) Skaha Main – 3701 Parkview Street
 - c) Skaha East – 3885 South Main Street
 - d) Sudbury Beach – 3846 Skaha Lake Road
2. Beach Vending Program Sites
3. 185 Lakeshore Drive West - Jubilee Pavilion
4. 215 Riverside Drive- (current agreement with Coyote Cruise)
5. Rotary Park foreshore (current agreement for Pier Watersports)
6. 500 Edmonton Avenue-
 - a) Day Care
 - b) Penticton Safety Village
7. 1701 Government Street (current agreement with Interior Health – Hospice House)
8. Community Gardens:
 - a) 480 Vancouver Avenue
 - b) 2460 Baskin Street
9. 1400 Riddle Road (current agreement with Penticton Area Cycling Association PACA)
10. Disc Golf:
 - a) Riddle Road (current agreement with Penticton Disc Golf Society)
 - b) Three Blind Mice (current agreement with Penticton Disc Golf Society)
11. 1051 Penticton Avenue (current agreement with Province of BC for Air Quality Station)
12. 3807 Skaha Lake Road (current agreement with Oxbow RV Park)
13. Okanagan Lake Foreshore (current agreement with Splash BC – WIBIT)
14. 630 Munson Mountain Road (current agreement with BMX Society)
15. 1060 Main Street (current agreement with Penticton New Beginnings Christian Fellowship)



Council Report

penticton.ca

Date: May 5, 2026 **File No:** RMS 0540-20
To: Anthony Haddad, City Manager
From: Blake Laven, General Manager of Development Services
Subject: **Development Services Division Review Task Force**

Staff Recommendation

THAT Council approve the “Development Services Division Review Task Force – 2026 Terms of Reference”.

Strategic priority objective

Vision: Penticton is a connected, resilient and healthy waterfront city focused on safety, livability and vibrancy.

Livable & Accessible: The City of Penticton will proactively plan for deliberate growth, focusing on creating an inclusive, healthy, and vibrant community.

Background

At the April 21, 2026 Regular Council Meeting, Council passed a resolution directing staff to return with draft Terms of Reference for a Development Services Division Review Task Force. The purpose of the Task Force is to bring together representatives from the development industry to provide recommendations on improving development processes and addressing the cost implications of development in Penticton. In addition, the Task Force is intended to provide input to a forthcoming third-party review of the Development Services Division, which is expected to commence imminently and proceed concurrently. The Task Force’s work will help inform the scope and findings of the third-party review.

This report seeks Council endorsement of the proposed Terms of Reference, which establishes the objectives of the Task Force and outlines its composition.

Financial implication

All work of the Task Force will be done within existing budgets. Any outcomes with an impact on the Financial Plan will be presented to Council for approval.

Analysis

The development industry has undergone significant change in recent years. Rising interest and borrowing costs, increasing material and labour expenses, and a shifting regulatory environment have collectively affected the viability of development projects. In response, the City’s Development Services Division must remain adaptive to the evolving conditions under which development occurs. This is an opportune time to review the Division’s level of service to the development industry, as well as the impact of local municipal development costs on housing affordability and commercial rental and lease rates. The Terms of Reference are designed to bring together individuals from all facets of the development industry, including builders, design professionals, and engineering professionals. They also include representation from industry organizations with advocacy experience and expertise gained through policy review across multiple municipalities within the province.

Staff are recommending that Council endorse the Terms of Reference as shown on Attachment A.

Next Steps

Upon Council’s approval of the Terms of Reference, the City will advertise for committee members through the City’s website, local news outlets, and social media channels. Council will then appoint members from the pool of applicants at a subsequent meeting, following which the committee will convene its inaugural meeting.

Attachments

Attachment A – Draft Terms of Reference for the “2026 Development Services Division Review Task Force”

Respectfully submitted,

Blake Laven,
General Manager of Development Services

Concurrence

<p>General Manager Corporate Services</p> <p><i>AMC</i></p>	<p>City Manager</p> <p><i>SLH</i></p>
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2026 Terms of Reference

Development Services Division Review Task Force

penticton.ca

1. Role of the Task Force

The **Development Services Division Review Task Force** is established as a Select Committee under the *Community Charter* to advise Council on opportunities to improve the City's development approval processes and other divisional improvements and address the impacts of rising costs of construction on residential and commercial construction activity.

The Task Force will:

- Receive presentations and information on current development-related processes in the City, including an overview of municipal costs and other financial implications associated with development;
- Provide guidance and feedback based on members' personal experiences with development and permitting in the City of Penticton;
- Develop recommendations to inform a broader third-party review of the Development Services Division; and
- Prepare recommendations for Council's consideration regarding potential improvements to development approval processes and the Division overall.

2. Membership

The Task Force shall consist of **Eleven (11)** voting members appointed by Council. Preference will be given for:

- Two (2) Representatives from organized development industry group (CHBA, UDI, SICA, etc.);
- Two (2) representatives from local business organizations (Chamber of Commerce, PIDA, DPBIA etc.);
- Two (2) Representatives from the design industry (architect, residential design etc.);
- One (1) Engineering professional (geotechnical, structural or civic);
- Four (4) Members of the Business, Building and Development Community on the basis of their knowledge or interest in the development process.

3. Qualifications

The following are considered minimum qualifications to serve on the Task Force:

- Available to attend meetings (electronic or in-person), which begin at 7:30 a.m.
- Access to a computer and an e-mail address in order to participate electronically in meetings and to receive and respond to communications and information including Task Force meeting agenda packages.

4. Appointment and Term

The Task Force will run concurrent with the four-year term of Council, with the current term ending in summer 2026. Members will be appointed by Council. A majority of appointed voting members shall constitute a quorum. Members must make a reasonable effort to notify staff at least two days before the meeting if they are unable to attend.

Council shall appoint one (1) non-voting Council representative to the Task Force. The Council representative will be the liaison to the rest of Council and will report on the work of the Task Force. The Mayor or Deputy Mayor will act as alternate Council representative.

The Task Force members shall appoint a Chair and Vice-Chair.

5. Meeting Procedures

The Task Force shall meet bi-monthly with a minimum of four (4) meetings, ending prior to the end of the Council term. For certainty, the rules and procedures of Council Procedure Bylaw and all amendments thereto shall be observed as far as may be applicable.

The General Manager of Development Services will be the staff liaison and provide technical support for the Task Force, with additional staff attending as needed. The Legislative Services Department will provide meeting management and recording support for the Task Force.

6. Conflict of Interest

All Task Force members are expected to review and sign a Conflict of Interest Declaration and adhere to the requirements set out in the declaration.

If a Task Force member attending a meeting considers that they are not entitled to participate in the discussion of a matter or to vote on a question in respect of a matter because the member has a direct or indirect pecuniary interest in the matter, or for any other reason, the member must declare this and state the general nature of why they considers this to be the case and immediately leave the meeting or the part of the meeting during which the matter is under consideration.

The member's declaration must be recorded in the minutes, and the Task Force member must not attempt in any way, whether before, during or after the meeting to influence the voting on any question in respect to the matter.

7. Removal of a Member from Task Force

Council may remove a member from a Task Force for good and sufficient reason, which may include any of the following, without limitation:

- a) the absence of a Task Force member from three (3) consecutive regularly scheduled Task Force meetings, unless the absence is because of illness or is with leave of the Task Force;
- b) a finding by Council that the Task Force member has engaged in misconduct, such as bullying or harassment of another member or a City employee; or
- c) participation by a Task Force member in circumstances where the member has a conflict of interest.

In any case where Council proposes to remove a member from a Task Force, the member will be provided with notice and an opportunity to be heard by Council prior to Council voting on the matter.

8. Resignation

Any member may resign upon sending written notice to the Corporate Officer. In the event of a vacancy occurring during a regular term, the vacancy may be filled for the remainder of that term in the same way the initial appointments were made.

9. Confidentiality and Closed Meeting

All Task Force members are expected to review and sign a Confidentiality Declaration and adhere to the requirements set out in the declaration.

No meeting or part thereof shall be closed to the public except in accordance with Section 90 of the *Community Charter*. Should a Closed meeting be held by the Task Force, members must keep in confidence, any information considered in any part of said meeting until such time as the information is released to the public as lawfully authorized or required. Should the municipality suffer loss or damage due to contravention of confidentiality, the municipality may recover damages from the person(s) for the loss or damage.



Council Report

penticton.ca

Date: May 5, 2026
To: Anthony Haddad, City Manager
From: Yvonne Kent, Planner II
Address: Unit 101 & 102 – 602 Lakeshore Drive W

File No: RMS/602 Lakeshore Dr W

Subject: Development Variance Permit PL2026-10156

Staff Recommendation

THAT Council, approve “Development Variance Permit PL2026-10156”, for

- Strata Lot 1 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Strata Plan EPS 11326 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V, located at 101-602 Lakeshore Drive W; and
- Strata Lot 2 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Strata Plan EPS11326 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V, located at 102-602 Lakeshore Drive W

A permit to vary the following section of Zoning Bylaw No. 2024-22:

1. Section 4.7.1 to permit hot tubs to be located in a required front yard.

Strategic priority objective

Livable & Accessible: The City of Penticton will proactively plan for deliberate growth, focusing on creating an inclusive, healthy, and vibrant community.

Proposal

The applicant is proposing to place a hot tub on the patios of unit 101 and unit 102 of the ‘Legacy on Lakeshore’ apartment building (602 Lakeshore Drive W). As per s.4.7.1 of Zoning Bylaw No. 2024-22 hot tubs are not permitted to be located within a required front yard. The required front yard on Lakeshore Drive W is 9.0 m, and the proposed hot tubs would be within this setback. As such, a



Figure 1 - Subject Property Location

Development Variance Permit application is required. The applicant has provided a Letter of Intent for the proposal and a letter of support from the Strata (Attachment D & E).

Background

The property is located on the south side of Lakeshore Drive W, is 0.28 acres (1133 m²) in size, and is occupied by a four-storey 8-unit apartment building. The property is zoned RM3 – Medium Density Multiple Housing in the Zoning Bylaw, and designated High Density Residential in the Official Community Plan (OCP). The surrounding area consists of another apartment building to the west, a single detached dwelling to the east, low density development to the south, and Okanagan Lake Park to the north.

Bylaw Enforcement

A hot tub is currently located on the patio of Unit 102. The property was subject to two bylaw noise complaints in February 2026, and two RCMP noise complaints in March 2026, due to people being in the hot tub. Through this enforcement action, it was determined the hot tub location did not meet s.4.7.1 of the Zoning Bylaw, and the owner was directed to apply for a variance to keep the hot tub in this location. The hot tub sits at approx. 4.0 m from the front property line and the required front yard setback, which a hot tub may not be in, is 9.0 m on Lakeshore Drive W.

Financial implication

The applicant is responsible for all development costs, including any service upgrades.

Analysis

Hots Tubs Prohibited in Required Front Yard

s.4.7.1 of the Zoning Bylaw prohibits swimming pools and hot tubs from being located within the required front yard. Above ground swimming pools and hot tubs are treated as accessory buildings and structures and are therefore subject to setback regulations. The setbacks are to ensure these structures are only placed in areas where impacts on the streetscape are minimized. This requirement is applicable to all properties in the City of Penticton.

Lakeshore Drive Front Yard Setback

As part of the adoption of Zoning Bylaw No. 2024-22 in June 2024, the front yard setback for the residential portion along Lakeshore Drive West increased to 9.0 meters. Typical front yard setbacks in the City are 3.0 m to 4.5 meters. This change was part of recommendations that came out of a Neighbourhood Charm Project in 2023 that looked at ways to preserve the character of the area.

Site-Specific Context

In 2022, a Development Permit for the apartment building at 602 Lakeshore Drive W was approved by Council. Construction of the apartment building also began in 2022. At the time, the required front yard setback was 3.0 m.

In 2024, Zoning Bylaw No. 2024-22 was adopted which increased the required front yard setback on Lakeshore Drive W to 9.0 m. The existing apartment building, given that it was lawfully under construction, could continue as a non-conforming building at the smaller setback.

In 2026, while the existing apartment building is non-conforming, any new additions to the lot must meet the new 9.0 m setback. A development variance permit is required for the proposed hot tubs.

Approve Development Variance Permit

Staff note that given the building was under construction before the zoning change and is non-conforming there is no ability for the hot tubs to meet the new 9.0 m setback requirement. The hot tubs would be setback 4.0 m from the property line and the setback consists of a landscaped lawn area and shrubs which help to limit the visual impact of the hot tubs on the streetscape.

Given these considerations, staff recommend Council approve the variance request.

Alternate recommendations

THAT Council, after hearing from the applicant, deny “Development Variance Permit PL2026-10156”, for

- Strata Lot 1 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Strata Plan EPS11326 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V, located at 101-602 Lakeshore Drive W; and
- Strata Lot 2 District Lot 2 Group 7 Similkameen Division Yale (Formerly Yale-Lytton) District Strata Plan EPS11326 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V, located at 102-602 Lakeshore Drive W

A permit to vary the following section of Zoning Bylaw No. 2024-22:

1. Section 4.7.1 to permit hot tubs to be located in a required front yard.

Attachments

- Attachment A – Zoning Map
- Attachment B – Official Community Plan Map
- Attachment C – Photos of Property
- Attachment D – Letter of Intent (Applicant)
- Attachment E – Strata Letter of Support (Applicant)
- Attachment F – Draft Development Variance Permit PL2026-10156

Respectfully submitted,

Yvonne Kent
Planner II

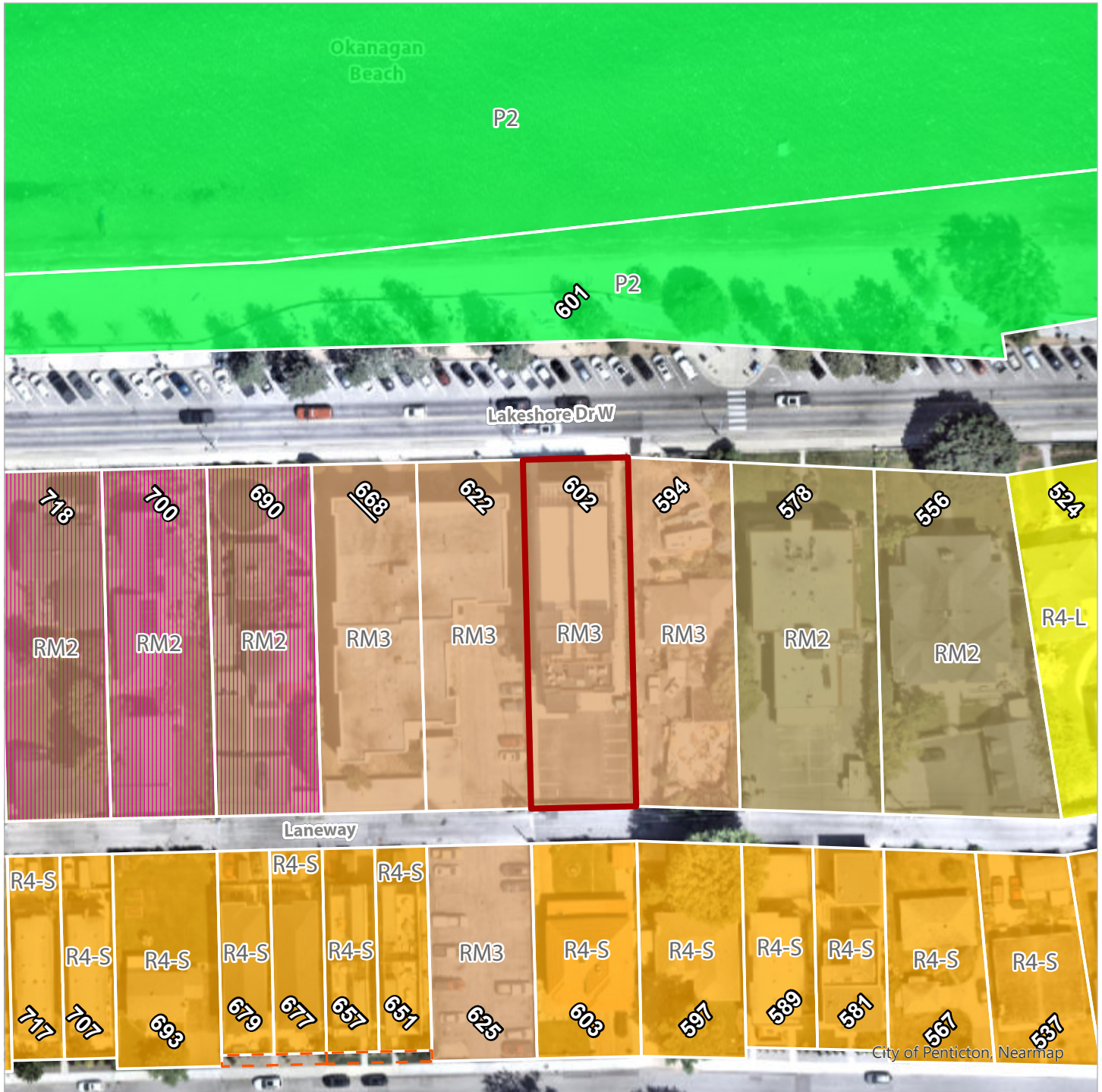
Concurrence

General Manager of Development Services <i>BL</i>	City Manager <i>SH</i>
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602 Lakeshore Drive W

Zoning Bylaw



Subject Parcel

Site Specific Zoning

Zoning Bylaw No 2024-22

R4-S - Small-Scale Multi-Unit Residential - Small Lot

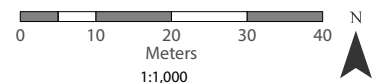
R4-L - Small-Scale Multi-Unit Residential - Large

RM2 - Low Density Multiple Housing

RM3 - Medium Density Multiple Housing

P2 - Parks and Recreation

Transitional Neighbourhood Overlay



Terms of Use: The City of Penticton is a depository of public information in both printed and digital form. The source, accuracy and completeness of this information varies. As a result, the City does not warrant in any way the mapping information including the accuracy or suitability thereof. The user of this information does so at their own risk and should not rely upon the information without independent verification as to the accuracy or suitability thereof.
Date: 4/20/2026

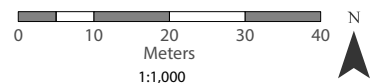


602 Lakeshore Drive W

Official Community Plan



- Subject Parcel
- Official Community Plan - Future Land Use
- High Density Residential
- Low Density Residential
- Parks



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Date: 4/20/2025

Attachment C – Photos of the Property



Letter of Intent

Re: Development Variance Permit – Hot Tub Setback

To: Mayor and Council
City of Penticton

I am writing to respectfully request consideration for a Development Variance Permit to allow the placement of a hot tub within the front yard setback at 101-602 Lakeshore drive and 102-602 Lakeshore Drive.

The proposed hot tub is a modest, ground-level feature that does not undermine the intent of the 9-metre front yard setback, which is to preserve an open, uncluttered, and visually consistent streetscape along Lakeshore Drive. Due to its low profile, placement, and limited visibility, the hot tub will not detract from the character of the streetscape or impact views from the public realm.

The configuration of the building results in all ground-level patios being located within the required setback. As such, there is no reasonable or practical location to accommodate typical outdoor amenities—such as a hot tub—without a variance. This represents a site-specific hardship arising from the design and layout of the development, rather than a self-imposed situation.

The patio area was originally designed and constructed with dedicated space and servicing intended to support a hot tub installation. No additional structural modifications or alterations are required. The hot tub can be installed or removed without permanent impact to the property, making it comparable in function and permanence to standard outdoor patio features.

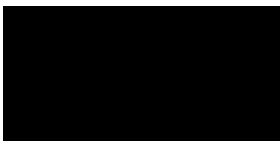
While a hot tub may be classified as a structure under the bylaw, in this case it is consistent in scale, height, and use with typical outdoor living elements already present within the setback area. It does not introduce additional massing or visual obstruction that would alter the appearance or function of the space in a meaningful way.

The hot tub will be positioned close to the building, maintaining a low profile and minimizing visibility from the street. As such, it will have no measurable impact on adjacent properties, pedestrian experience, or the overall character of the neighbourhood.

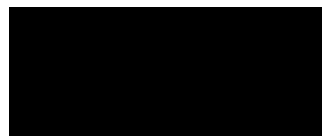
This request is minor in nature and limited in scope. It does not create an undesirable precedent, as it is directly tied to the unique physical constraints of this development. Granting the variance would allow reasonable use of the property in a manner consistent with its intended design and typical expectations for similar ground-level units.

Thank you for your time and consideration of this request.

Sincerely,
Matt Bolton
102-602 Lakeshore Drive



Gordie Greer
101-602 Lakeshore Drive





April 17, 2026

To: City of Penticton

RE: EPS11326 Legacy on Lakeshore
602 Lakeshore Drive W, Penticton BC, V2A 1B9
Support of Variance Permit Request – Hot Tubs on Patio Area

To Whom It May Concern,

This letter is provided on behalf of The Owners, Strata Plan EPS11326, in support of a variance permit request submitted by owners within the strata corporation seeking permission to allow hot tubs on patio areas associated with their strata lots.

At this time, six owners within the strata corporation have indicated their support for the variance request, representing a majority of ownership interest. The strata corporation is in support of the application.

The strata management company is aware that a hot tub is currently located on a ground-floor patio. To date, no concerns or objections have been received from owners or residents currently living in the building regarding the presence or operation of a hot tub. In addition, the registered bylaws of the strata corporation do not contain provisions that prohibit hot tubs on patio areas.

This letter is intended to confirm that the strata corporation does not object to and generally supports the owners' variance permit application, subject to review and approval by the City of Penticton.

Sincerely,



On behalf of The Owners, Strata Plan EPS11326 – Legacy
Dave Bring, Strata Agent
Candid Management Group Ltd.
604-757-1911
Davebring@candidgroup.ca

Development Variance Permit

Permit Number: DVP PL2026-10156

Property Owner 1
Property Address 1

Property Owner 2
Property Address 2

Conditions of Permit

1. This permit is issued subject to compliance with all of the bylaws of the City, except as specifically varied or supplemented by this Permit.
2. This permit applies to:
 - Strata Lot 1 District Lot 2 Group 7 Similkameen Division Yale (Formerly
Legal: Yale-Lytton) District Strata Plan EPS11326 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V
Civic: 101-602 Lakeshore Drive W
PID: 032-511-442
 - Strata Lot 2 District Lot 2 Group 7 Similkameen Division Yale (Formerly
Legal: Yale-Lytton) District Strata Plan EPS11326 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V
Civic: 102-602 Lakeshore Drive W
PID: 032-511-451
3. This permit has been issued in accordance with Section 498 of the *Local Government Act*, to vary the following sections of Zoning Bylaw 2024-22 to allow for two hottubs, as shown in the plans attached in Schedule 'A':
 - Section 4.7.1 to permit hot tubs to be located in a required front yard.

General Conditions

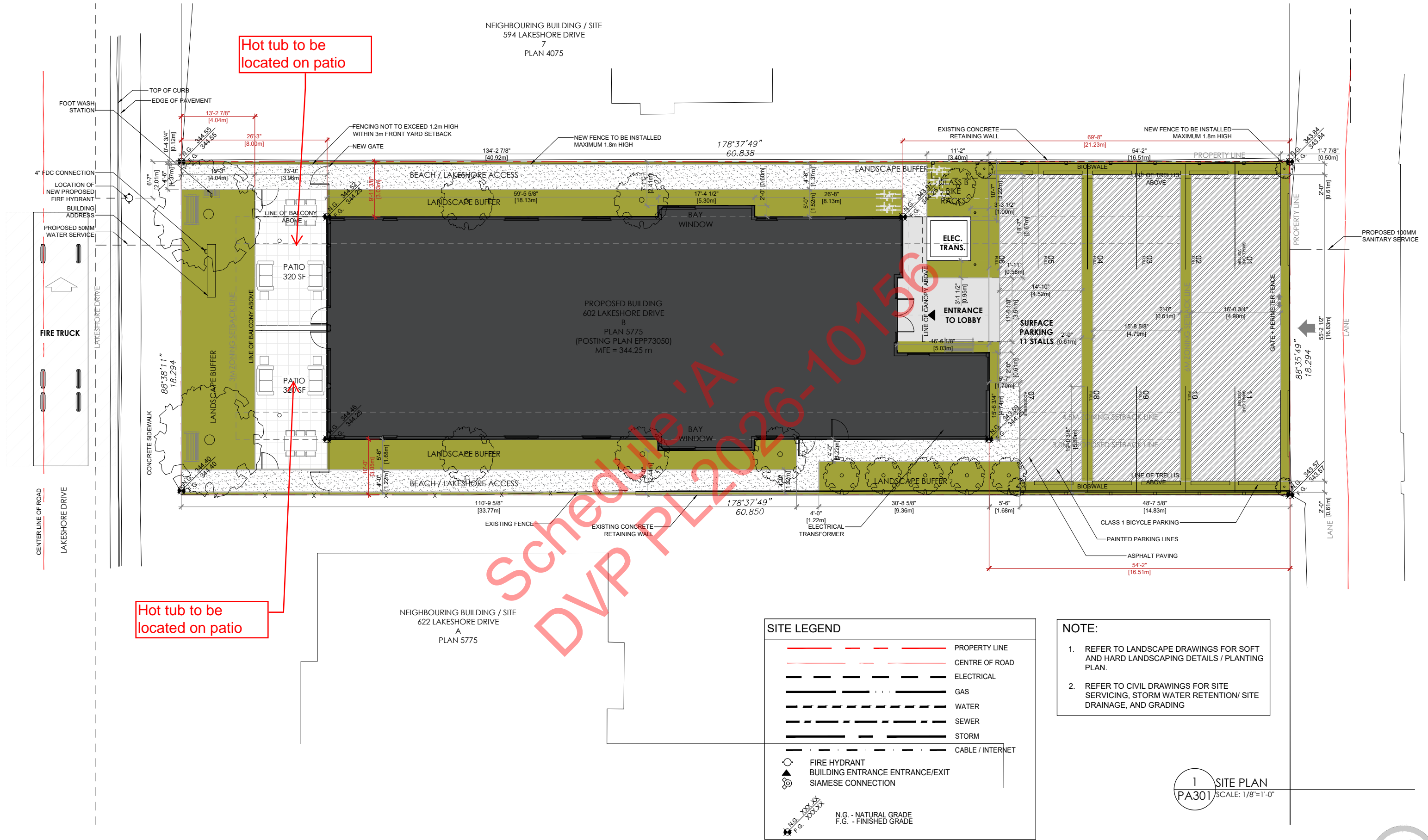
4. In accordance with Section 501 of the *Local Government Act*, the lands subject to this permit shall be developed in general accordance with this permit and the plans attached as Schedule 'A'.
5. In accordance with Section 504 of the *Local Government Act*, if the holder of this permit does not commence the development authorized by this permit within 2 years of the date of this permit, this permit shall lapse.
6. **This permit is not a building permit. In order to proceed with this development, the holder of this permit must hold a valid building permit issued by the Building Inspection Department.**

7. This permit does not constitute any other municipal, provincial or federal approval. The holder of this permit is responsible to obtain any additional municipal, federal, or provincial approvals prior to commencing the development authorized by this permit.
8. This permit does not include off-site infrastructure costs that may be required at the building permit stage, such as Development Cost Charges (DCC's), road improvements and electrical servicing. There may be substantial infrastructure and servicing costs payable at a later date. For more information on servicing and infrastructure requirements please contact the Development Engineering Department at (250) 490-2501. For more information on electrical servicing costs, please contact the Electric Utility at (250) 490-2535.

Authorized by the City Council, the ____ day of _____, 2026.

Issued this ____ day of _____, _____.

Angela Collison
Corporate Officer



Hot tub to be located on patio

Hot tub to be located on patio

SITE LEGEND

	PROPERTY LINE
	CENTRE OF ROAD
	ELECTRICAL
	GAS
	WATER
	SEWER
	STORM
	CABLE / INTERNET
	FIRE HYDRANT
	BUILDING ENTRANCE/EXIT
	SIAMESE CONNECTION
	N.G. - NATURAL GRADE F.G. - FINISHED GRADE

NOTE:

- REFER TO LANDSCAPE DRAWINGS FOR SOFT AND HARD LANDSCAPING DETAILS / PLANTING PLAN.
- REFER TO CIVIL DRAWINGS FOR SITE SERVICING, STORM WATER RETENTION/ SITE DRAINAGE, AND GRADING

1 SITE PLAN
PA301 SCALE: 1/8"=1'-0"

From:
Sent: April 29, 2026 11:21 PM
To: corpadmin
Subject: 602 Lakeshore Dr W

Caution! This message was sent from outside your organization.

Hi,

I'm reaching out to respond to the correspondence I received from you today regarding the hot tub variance permit.

I am against this hot tub for many reasons, not sure if I need to state the obvious, it is unsafe and inappropriate. Please No!

Thank you

Lakeshore Drive W

PS I'd like my identity kept confidential

Sent from my iPhone

The Corporation of the City of Penticton**Bylaw No. 2026-20**

A Bylaw for the levying of property tax rates for the year 2026

WHEREAS pursuant to the *Community Charter*, Council is empowered to impose property value taxes by establishing tax rates within the City of Penticton;

AND WHEREAS it is deemed expedient to establish tax rates for the municipal revenue proposed to be raised from property value taxes and the amounts to be collected by means of rates established to meet the City's taxing obligation in relation to another local government or other public body;

NOW THEREFORE the Council of The Corporation of the City of Penticton in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. Title:

This bylaw may be cited for all purposes as "Tax Rates Bylaw No. 2026-20".

2. 2026 Tax Rates:

The following rates are hereby imposed and levied for the year 2026.

- 2.1 For lawful general purposes of the municipality on the value of land and improvements taxable for general Municipal purposes, rates appearing on Column "A" of the Schedule 'A' attached hereto and forming part hereof;
- 2.2 For hospital purposes on the value of land and improvements taxable for Regional Hospital District purposes, rates appearing in Column "B" of the Schedule 'A' attached hereto and forming a part hereof;
- 2.3 For purposes of the Regional District of Okanagan-Similkameen on the value of land and improvements taxable for Regional Hospital District purposes, rates appearing in Column "C" of the Schedule 'A' attached hereto and forming a part hereof;
- 2.4 For purposes of the Regional District of Okanagan-Similkameen 9-1-1 Emergency Telephone Service and Mosquito Control, on the assessed value of improvements taxable for Regional Hospital District purposes, rates appearing in Column "D" of the Schedule 'A' attached and forming a part thereof;
- 2.5 For purposes of Regional District of Okanagan-Similkameen Sterile Insect Release Program, on the assessed value of land taxable for Regional Hospital District purposes, rates appearing in Column "E" of the Schedule 'A' attached and forming a part hereof.

2.6 For purposes of Downtown Penticton Business Improvement Area Class 5 & 6 properties, on the assessed value of land and improvements taxable for general Municipal purposes, rates appearing in Column "F" of the Schedule 'A' attached and forming a part hereof.

3. Penalties:

3.1 The Collector must add to the unpaid balance of the current year's taxes, in respect of each parcel of land and the improvements as shown on the tax roll, a penalty of ten (10) percent to be applied in relation to payments made after the tax due date of July 2, 2026.

READ A FIRST time this	21	day of	April, 2026
READ A SECOND time this	21	day of	April, 2026
READ A THIRD time this	21	day of	April, 2026
ADOPTED this		day of	, 2026

Julius Bloomfield, Mayor

Angie Collison, Corporate Officer

The Corporation of The City of Penticton

Schedule 'A'

Tax Rates (dollars of tax per \$1,000 taxable assessment)

2026	A	B	C	D	E	F
Property Class	General Municipal	Regional Hospital District	RDOS	RDOS 911 Emergency Telephone Service & Mosquito Control	RDOS Sterile Insect Release Program	Downtown Penticton Business Improvement Association Rates
1 Residential	3.7886	0.2252	0.1640	0.0750	0.0367	0.0000
2 Utilities	40.0000	0.7883	0.5740	0.2625	0.1285	0.0000
3 Supportive Housing	3.7886	0.2252	0.1640	0.0750	0.0367	0.0000
4 Major Industry	5.3091	0.7657	0.5576	0.2550	0.1248	0.0000
5 Light Industry	5.3091	0.7657	0.5576	0.2550	0.1248	1.0151
6 Business & Other	6.7985	0.5518	0.4018	0.1837	0.0900	1.0151
7 Managed Forest Land	6.7985	0.6757	0.4920	0.2250	0.1102	0.0000
8 Recreation/Non-Profit	4.9191	0.2252	0.1640	0.0750	0.0367	0.0000
9 Farm	18.5490	0.2252	0.1640	0.0750	0.0367	0.0000